"THANK GOD I'M A BLACK AMERICAN" · MICHAEL NOVAK · T.J. RODGERS · ACLU HURTS THE POOR

THE AMERICAN ENTERPRISE

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A NATIONAL MAGAZINE OF POLITICS, BUSINESS, AND CULTURE

BUSINESS AS A CREATIVE ACT

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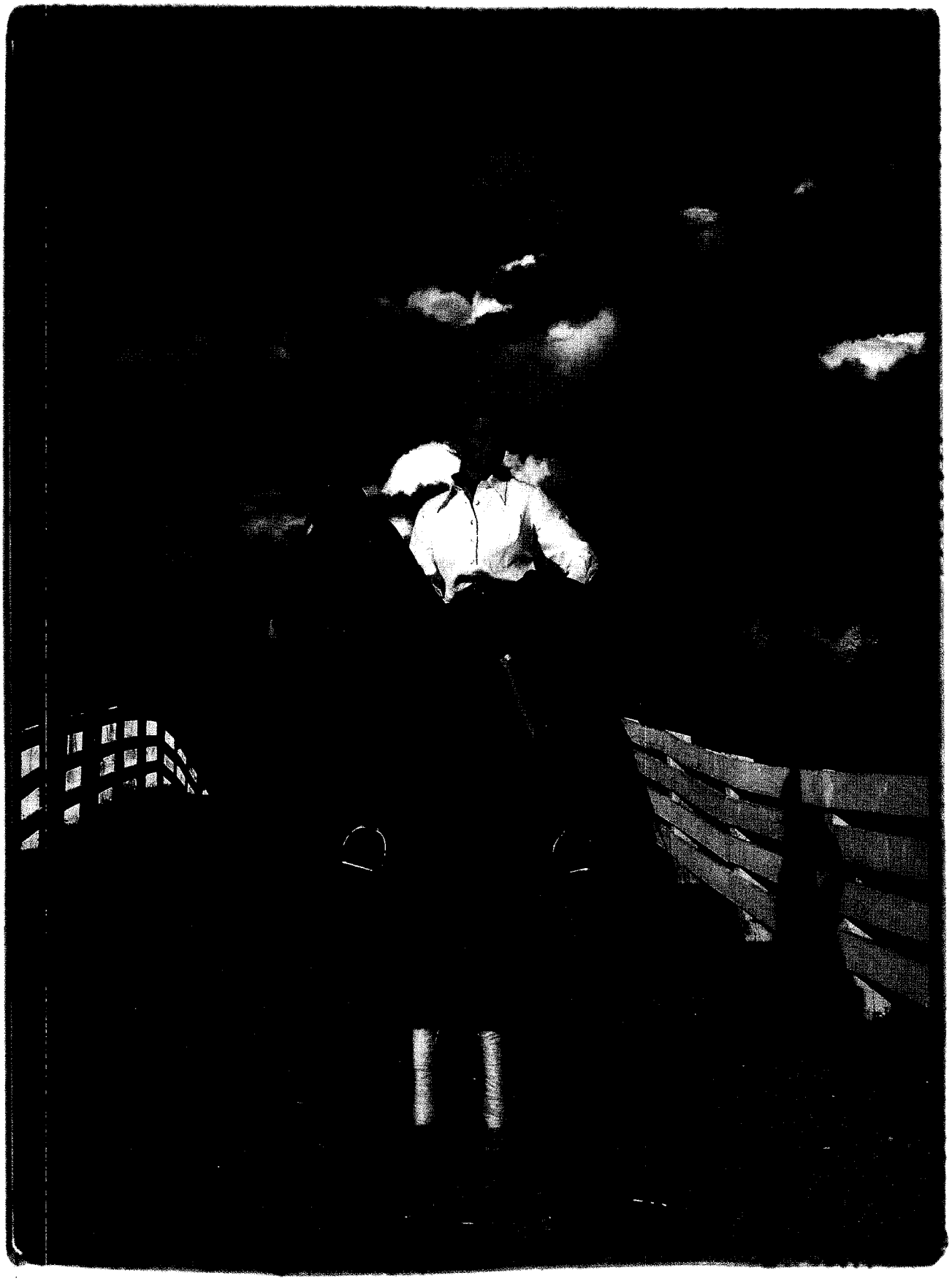
JULY/AUGUST 1997

VOLUME 8, NUMBER 4



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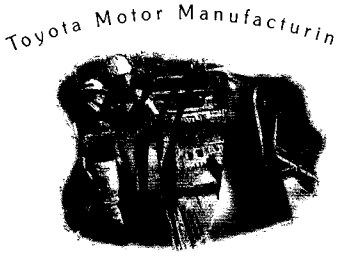

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THE AMERICAN ENTERPRISE

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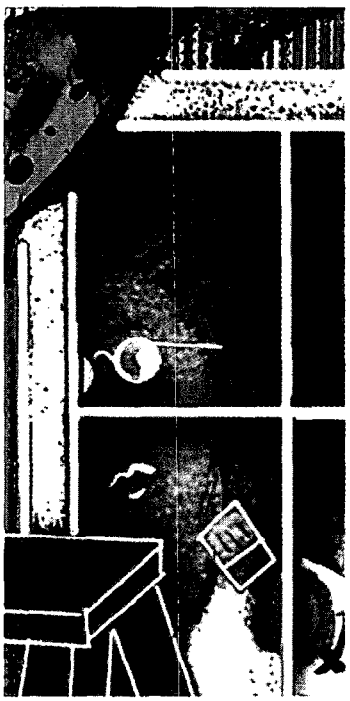

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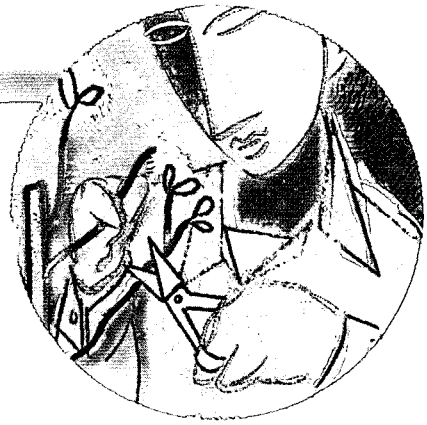

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THE AMERICAN ENTERPRISE

A NATIONAL MAGAZINE OF POLITICS, BUSINESS, AND CULTURE

JULY/AUGUST 1997 VOL. 8, NO. 4

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THE AMERICAN ENTERPRISE
(ISSN 1047-3572), published bimonthly by the American Enterprise Institute for Public Policy Research, 1150 17th Street N.W., Washington, D.C. 20036. Periodicals postage paid at Washington, D.C. and additional mailing offices. Copyright © 1997, the American Enterprise Institute. All rights reserved.

POSTMASTER: Send all subscription correspondence and address changes to The American Enterprise, P.O. Box 2013, Marion, OH 43305.

LETTERS TO THE EDITOR
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PRODUCTION OFFICE
The American Enterprise
1150 17th Street N.W., Washington, D.C. 20036.
(202) 862-5886.

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430 South Geneva Street, Ithaca, NY 14850.
(607) 272-0909.

MANUSCRIPTS
The editors welcome mailed inquiries briefly summarizing article ideas. We will not be responsible for returning any unsolicited manuscripts. Send to Senior Editor at Washington, D.C. address.

BACK ISSUES
Send $6 per copy to Production Office, above.

SUBSCRIPTIONS
$28 one year. Overseas: add $30. (614) 375-2323

Bird's Eye

KARL ZINSMEISTER

Touched by Entrepreneurial Angels

Jim was a house painter. After working for someone else for several years he had set up his own business, and when I crossed paths with him in later years he had built it into quite a prosperous enterprise. But at the moment I'm remembering just now, Jim was still a one-man band, hired by me to help sand and then paint a whole house full of new drywall. He and I worked side by side for most of a week, jabbering away until late in the night amidst thick clouds of white gypsum dust and blue country music. And it quickly became clear to me that Jim was not only an excellent painter and hump-busting hard worker but also a very smart businessman. I imagine he's a fairly wealthy fellow today, assuming he's still alive. (He had a disconcerting habit of power-smoking strong cigarettes while sanding 'rock, and since drywall dust and cigarettes both tend to anger your lungs, combining them is probably no life-extender.)

Jim and I talked a lot about making it in self-employment, how to win work and price jobs, and the valuable contributions his new wife made as the telephone-answering and bookkeeping end of his fledgling company. We discussed his long-range business plan. And we touched on topics that some people don't realize tough young twentysomething manual workers with high school educations care about: what makes one man trustworthy and another not, the importance of setting high goals, the ways taxes discourage ambition, how a person should hire and motivate other people, the best ways to build assets over a lifetime, and the desirability of investing in T-bills versus equities.

I admit Jim surprised me when he brought up that last topic. He was building his grubstake, and it turned out that when interest rates were high he'd put a lot of money into high-interest Treasury bills, which he understood quite well to have been an excellent investment vehicle. Now he was shifting his money into mutual funds, and he was talking to brokers, reading financial newspapers, and otherwise educating himself. Eventually, much of his kitty was probably directed into trucks and sprayers and Yellow Pages ads.

Jim was one of the people who helped me understand how broadly in the American population the love of and capacity for business is found. Over the years I've met lots of other hustling investor/entrepreneurs like him. I recall a dishwasher repairman who arrived at our house with a toolbox, a long pony tail, and a whole kit of entertaining tales and advice about how to gradually buy up and then manage small rental properties. He owned a couple houses in Kansas City that represented his nest egg, and had many of the characteristics (and grievances toward government) that Howard Husock sketches out in his article on landlording-as-small-business (page 65).

Recently, there was a bus driver I met at Logan Airport who invested not for riches but for freedom and leisure. He had a friend in Southampton, England, and liked to take off two or three months every summer to visit there. The rest of the year he'd drive, save, and pick stocks to put his funds in so he could finance his chosen style of life. More power to him.

Hordes of other Americans who go well beyond passive investing and actually start their own businesses have something in common with this bus driver: What they are seeking through their enterprises is more than just riches. Certainly the founders of most businesses are hoping for a solid income and financial success. But in lots and lots of cases the entrepreneur is also looking for something more intangible—the opportunity to be self-reliant, to set his or her own hours, to do something he or she finds enjoyable or socially

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valuable, to make more room in the day for family and personal pursuits, to be personally inventive.

Evidence of America's deep attraction to small business extends far beyond these anecdotes. The best data available were released at the end of 1996 by the Entrepreneurial Research Consortium, a joint venture of two dozen American universities and research institutes. The ERC's careful survey found that in an amazing 37 percent of all U.S. households, at least one person was currently running, founding, or funding a small business, or had in the past. In fully one out of every five households today there is an entrepreneur with a company up and running. In an additional 15 percent of all households (including retirees), someone ran a freestanding business at some point. In another 5 percent, someone is currently trying to launch a business.

In close to four out of ten American homes, in other words, there is firsthand experience with small business. No other country in the world exhibits that remarkable level of economic freelancing and independence—and we're reaping many benefits. As American Enterprise Institute scholar James Glassman recently noted in the *Washington Post*, "the United States is racing ahead of other nations in economic growth" these days, and it's not because we're better educated, better financed, or luckier; it's because of the amazingly fertile, experimental, entrepreneurial culture that has grown up on our shores.

America has stood Karl Marx on his head—we are literally a land where bosses outnumber proletarians. There are just 16 million labor union members in this country. Meanwhile, about 23 million small business owners will file tax returns this year. Millions of other citizens are in business on the side or off the books. And others, as we've seen, were in business in the past, or will be in the future.

Moreover, the pace of entrepreneurial activity in the United States is accelerating. In the first of our articles on "Business as a Creative Act," Rich Miniter finds that there is tremendous interest in (and perhaps capability for) small business among the generation of Americans just now entering adulthood. Gen Xers are proving far likelier than baby boomers to start their own enterprises. Other parts of the population are also taking a turn toward self-employment. Black Americans, for instance, after decades of lagging the rest of the population, are becoming more active in business. And among women there has been an *explosion* of entrepreneurialism, documented by reporter Barbara DeLollis in the article after Miniter's. As it spreads and deepens, this new female interest in commerce and ownership will bring large permanent benefits to American society.

If America's business trends inspire hope, our current political scene only depresses. Bill Clinton has normalized the idea that a thoroughly dishonest personal character is nothing to hold against a national leader, so long as he brings home the bacon. Meanwhile the Republican Congress, on whom so much reformist hope was placed, has apparently decided they'd rather surrender all principles and practical goals than ever risk making a public *scene.*

To keep some cosmic balance amidst these pathetic political developments, it's important Americans take note of the many sectors of their creation that are not decaying, that are indeed shining. The very brightest sun in those blue skies is undoubtedly our private economy—which is currently inventing, extending, solving, including, and enriching at a rate far higher than enjoyed by any previous human society. Though we take our economic system's amazing abundance almost completely for granted, even a cursory study of history reveals how unusual a blessing it is. The triumph of our free enterprising system is the bedrock on which most of the rest of our social successes lie. Without our deep ranks of productive, need-serving businesses, we would have no great charitable surplus to share with the disadvantaged, no luxury of time and energy for self-improving study, art, or religious contemplation. There would be more scraping for daily necessities, and not as much long-term investing of resources in the next generation. With a less successful economic system there would be fewer books, more illness, less variety of daily experience, sparser knowledge, and thinner pleasures.

The Americans who know this best are those who have lived in other countries, where one cannot simply assume that a child's broken bone will be fixed, that a healthy diet will be available for purchase, that multi-bedroom houses and private cars will be affordable to everyday people, that a phoneline will be installed in days (rather than months), that there will be pharmacies open at 11 P.M. on a Sunday night stocked with cold medicine and low-fat milk and independent newspapers. It isn't only the 85 percent of the world's population who live in poor countries who are less fortunate in these things. Most Americans would be bitterly disappointed with Japanese houses, French cars, Italian doctors, Russian universities, Swiss record stores, and British groceries.

Your editors are hardly idolatrous about business. In this issue of *The American Enterprise* and all others you will find warnings against exaggerated materialism, criticisms of business practices that don't factor in moral right, and articles cautioning against letting careerism lead to family neglect. We are well aware that work is but a part of life, and that American businesses mostly just serve immediate needs; they aren't instruments especially well suited to the direct pursuit of truth, love, or beauty.

But what the poorer world knows, and Americans often forget, is that those higher goods cannot come into play until our basic needs are taken care of. Having a washing machine in

IMPROVED FOR YOU

We're always looking for ways to make *The American Enterprise* a better magazine, and we listen to our subscribers.

In the reader feedback cards we periodically include in our publication, some of you told us you were finding our type a bit hard to read. So with this issue I'm pleased to introduce a new *TAE* typeface that is larger and easier on the eyes.

We hope you enjoy it.

And please let me know if there are other things we could change to make our magazine more appealing to you.

Sincerely, Karl Zinsmeister

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your own home, an insulin supply for your diabetic son, a central heating system that rarely breaks down, and a choice of book shops is not such a bad beginning to a life of noble contemplation. And if you think those things are normal human "rights" you have very little understanding of how most people across time have lived, and continue to live today.

One man who does understand that national prosperity and stability is nothing to take for granted is Keith Richburg. His gripping article on Africa, leading off our feature section, has nothing to do with our cover theme of entrepreneurship but everything to do with how lucky we Americans are. Richburg has just written a powerful new book about the tragic mess that Africa has become, and how his years amidst the continent's poverty and brutality left him grateful for the freedom and security he enjoyed as a black American.

The article we've assembled for you here presents just the thinnest slice of many striking and beautifully written observations from Richburg's reflections on Africa. We could just as easily have carved out four or five other crystalline essays touching on the American misadventure in Somalia, the sources of African economic failure, South Africa, the nature of U.S. race relations, why Asia succeeds while Africa languishes, and other topics.

Richburg's views are very un-P.C. for a black intellectual today, and he has been pilloried for his brutally honest depictions. When he appeared on the "Today" show, for instance, another guest charged that "Mr. Richburg actually wishes, perhaps, that he were white.... I pity Mr. Richburg. I have no sympathy." The author answered this way:

> I'm saying that black people have enough to be proud of here in America, that we don't need to romanticize or mythologize Africa.... Black Americans have been here almost from the beginning. We were among the first Americans. And I think we should revel in and celebrate our accomplishments and contributions in this country.

As a man who has lived abroad for many years, Richburg realizes how unusual the prosperity, choices, and stability we enjoy in the United States really are. He explores this mostly in the social and political realm. In the articles on U.S. business life that fill most of the rest of this issue, we look at the same subject—American exceptionalism—from the point of view of economics. Our hugely fecund commercial culture is at least as important in explaining American success as our constitutional government and our Christian heritage. Our population's deep devotion to self-supporting small enterprise is one of our most distinguishing national characteristics.

There is an almost animal spirit that seems to drive American enterprising. Our business endeavors are not just practical arrangements, or mere ways of funding the rest of life. For a great many of us, the hunt of commerce is a fiercely involving way of pursuing high principles, finding meaning, and testing and proving our individual worth.

You will glimpse some of this higher purpose in our interview with T.J. Rodgers, a man motivated by a *lot* more than just the desire to achieve financial success or sell a lot of products. You will also see it in our feature article on "Spirited Enterprise" (page 52), where we profile some of America's most successful businessmen (and one of Japan's), and look at the high goals and moral purposes that power their efforts. You will get a further hint that something much more complicated than the pursuit of comfort drives most entrepreneurs in our "Indicators" item on American millionaires (page 17).

It isn't only America's tycoons who display this principled zest for commerce. The same creative impulse drives legions of small businessmen and women in this country—the kind of people who set up ice cream stands and repair shops when they get laid off (instead of seeking an anonymous perch in a large bureaucracy, or going on the dole), who invent new ways of fixing problems and then grub to make them available to others, who mortgage their family homes to finance their productive dreams, who accept responsibility for other people's mortgages and grocery bills by hiring employees who will have to be paid next month even if customers aren't buying. These are brave, risky, steps. Someone following safe reason would simply get a job with the post office instead. We are very lucky so many of our fellow citizens prefer a more self-reliant course, for we are all beneficiaries of their willingness to shoot high, explore new paths, and walk the commercial tightrope without any guarantee of success or even safety.

Of course many of the Americans who shoulder the demands of business creation end up crashing. Each year, thousands of small businesses fail. Each year thousands more are launched. In a business downturn, an entire region like Houston can be knocked down hard. Yet, as Joel Kotkin outlines in his article on why some locales become business hotbeds while others don't, Houston has bounced back—by sheer energy and force of will. That's what entrepreneurs do.

Lord knows, there are lots of things wrong with our country. Our remaining feature article on the damage done to America's social fabric by today's ACLU is a little reminder that this magazine isn't put together by Pollyannas. Look closely at the image of Artensa Randolph on page 33, and enjoy it, because it cost us a small fortune to have that photo taken. Thanks to ACLU obstruction of anti-crime efforts in Ms. Randolph's neighborhood, the noble lady's apartment building is now so dangerous we had to hire our own police escort before any Chicago photographer would agree to accept an assignment there. That is a scandal we hope you will think hard about as you sit safely in a chair in your home or office reading this issue. *TAE* will continue to expose injustices and stupidities of this sort, and propose strong solutions.

But we will also jog you occasionally and ask you to look afresh at the American institutions that work wondrously well, so well that sometimes we take them for granted. For even our oaks need periodic watering. They need to be fed and cherished. They need to be guarded—against enemies who don't appreciate, or even understand, the rare and fortuitous potency of America's inventive commercial economy.

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Sidelights

"She honestly believed she was getting ripped off," said Pensacola cop **Jerry Potts**, who arrested **Rosie Lee Hill** after she complained about the poor quality of the crack cocaine she had just bought. ❧ "This will give me additional insights into drinking and driving," the chairman of New York's Alcoholism and Drug Abuse Committee explained after her arrest for drunk driving. "It allows me to do my job even more effectively." ❧ Rep. **Joel Hefley** (R-Colo.) has attacked recent grants by the National Institute of Mental Health, including a study of slang terms used by Puerto Ricans in New York when under stress. ❧ Outraged chronic-fatigue groups mustered the energy to disrupt book signings for skeptic Elaine Showalter's *Hystories: Hysterical Epidemics and Modern Media.* ❧ Update on '60s rebels: Aging protest singer **Bob Dylan** is now playing private concerts for groups like Nomura Asset Capital, which paid four times his standard fee. · · · Working Assets credit card promises to donate to left-wing causes but reassures yuppie clients the "Plastic with Purpose" program "won't cost you an extra penny." ❧ In a recent Harris Poll, 70 percent said federal taxes are too high. Those willing to pay more if they were certain the money would be spent "effectively" are now fewer than in 1993 (the year before Republicans won the House). ❧ The Agriculture Department wants to double funding of kiwi-fruit marketing to $2 million, on top of $500,000 for market research on popcorn. Indeed, complains the Competitive Enterprise Institute, **Clinton**'s budget would increase almost every program opposed by the Stop Corporate Welfare Coalition. ❧ A Maryland mall bars all political groups: "We try to give our shoppers a pleasant experience, unhindered by civic responsibilities." ❧ **Robert Reno** grumbles in *Liberal Opinion Week* that two of America's "most powerful and thriving trade unions represent $150,000-a-year airline pilots and $1 million-a-year baseball players."

Updates on family togetherness: Since 1990, breakfasts eaten at the office have doubled, the *Wall Street Journal* reports, and since 1970, consumption of mozzarella pizza cheese has more than octupled. For persons too busy to chew pizza, pouches of "glop" food gels are now available. ❧ Army Chief of Staff Gen. **Dennis Reimer** has called for re-examining co-ed training, and defense expert **Philip Gold** notes that a recent episode of the "JAG" TV series "featured an incompetent woman pilot, an overbearing feminist congresswoman, and a male officer determined to maintain standards of performance." · · · **Emma Cuevas**, whose officer training cost $500,000, says she wants to leave the Army early so she can nurse her baby on demand (the child has "constitutional rights" to breast feed). ❧ In the annual sex issue of *Details*, **Sarah Miller** laments that she (briefly) lagged behind her peers in anal sex experience. Her article runs immediately after a three-page ad aimed at HIV sufferers. ❧ When Iowa Sen. **Tom Harkin**, a liberal Democrat, told **Ian Wilmut**, lamb-cloning Scottish scientist, that people will be cloned in Harkin's lifetime and he welcomes it, Wilmut shot back that cloning humans would be unethical, especially if they were politicians. ❧ Tolerance update: America's Episcopal bishops plan to enact a statute penalizing clergy who do not accept priestesses. Some liberal bishops speak of putting traditionalist bishops on trial for the "heresy" of not ordaining homosexual priests, the *Washington Times* reports. ❧ One of the nation's largest book distributors says sales of religious and spiritual books grew more than 300 percent from 1993-95. · · · Arkansas Gov. **Mike Huckabee**, a Baptist minister, refused to approve disaster relief legislation until tornadoes were referred to as "natural disasters" instead of "acts of God." ❧ ACLU official **Howard Simon** opposes a constitutional amendment to ban flag-burning because "the flag is just a piece of cloth." ❧ The "bn-ELF" (butt naked-Earth Liberation Front) eschews clothes and other freedom-restricting technologies. ❧ A higher proportion of blacks than whites support school vouchers, reports a Joint Center poll, and a majority of both groups with children support vouchers. · · · When one high-priced D.C. prep school heard that **Chelsea Clinton**'s private school had a 15 percent quota for minorities, it set its quota at 16 percent. ❧ Genuine country song titles: "How Can I Miss You If You Won't Go Away?" and "If Love Were Oil, I'd Be a Quart Low." —*SW*

"Let me through, please—
I'm an herbalist!"

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SCAN

UNACCOUNTABLE PRESS FLUBBED THE STORY ON JAPANESE BUSINESS

News reporting and analysis is one of the most fashion-driven, pack-mentality occupations that exists today. Think back over the last decade's reporting on the Japanese economy for example.

Yes, we know: You're thinking that there *hasn't been any* media coverage to speak of on Japan in the last couple years. And there's a reason for that: Japan's miraculous, lifetime employment, MITI-planned, industrial-policy driven, government/industry cooperating, unlike-foolish-us-they-don't-worry-about-the-short-term-bottom-line, they're-eating-America's-lunch economy is in the tank. We're talking in tatters.

Which is striking. Because until Japan's collapse (that is to say, non-stop for most of the 1980s and early 1990s), the American press couldn't produce stories fast enough describing how the Japanese juggernaut was going to roll over one U.S. manufacturer after another, embarrass our technologists, steal the world financial mantle from our banks and brokerages, buy up our best buildings and movie studios, and install sushi bars in the Alamo.

These reports always quoted reverently from a small choir of policy clairvoyants that included Chalmers Johnson, James Fallows, Pat Choate, Ezra Vogel, Kenneth Courtis, John Judis, Robert Kuttner, Michael Borrus, and Clyde Prestowitz. These geniuses were overflowing with admiration for the Japanese model—and positively *dying* to have us chuck our stupid Reaganesque/Adam Smithian alternative and adopt Japanese-style government management of the economy instead. If *TAE* could afford the computer time, we'd do a Nexis search to count how many different news stories appeared during the media feeding frenzy of the '80s and early '90s in which these "experts" were given a soapbox. We're sure the total would be many, many thousands of articles. *And yet almost all of the factual claims and future predictions of these press stars turned out to be not only wrong, but completely backwards.* (Your editor can supply references.)

Some unreported truths on Japan and the U.S.:

- Japan isn't an economic juggernaut, it's a fragile, rickety steamer with some wondrous export-oriented components connected to a whole bunch of outdated parts that keep it leaking and listing.
- Japan's many dramatic economic successes weren't engineered by government planners. They happened *in spite of* government planning stupidity.
- Japan's ludicrous overpayments for American golf courses, skyscrapers, and movie lots weren't threats to our national patrimony. They were losing deals that helped compensate us for Pearl Harbor.
- Japan's banks and brokerages aren't the strongest in the developed world. They are literally the weakest, according to the latest Moody rating of financial institutions needing rescues.
- America shouldn't abandon its free-wheeling variety of capitalism. It should thank God that our economy is too decentralized and chaotic for foolish "experts" and politicians to manipulate. The latest Swiss rankings of international competitiveness have the U.S. rated first (again), and Japan in ninth place.

After having been so badly wrong on subjects they loudly staked their entire reputations on, we can't understand why any Americans today would take the men listed above seriously as economic and political analysts. Yet lots of pressies still do. James Fallows was recently appointed editor of *U.S. News*. (Like the rest of his gang who couldn't predict straight, he has dropped the Japan issue like a hot potato.) May we suggest you not stake too much on those famous college ratings in the future?

SEEN BUT NOT HEARD

Feminist groups recently convinced Congress to place statues of three famous early feminists—Anthony, Stanton, and Woodhull—in the U.S. Capitol Rotunda.

The Catholic Alliance now circulates samples of all three women's views on abortion:

"The rights of children as individuals begin while yet they remain the fetus."
—Victoria Woodhull

"When we consider that women are treated as property, it is degrading to women that we should treat our children as property to be disposed of as we see fit."
—Elizabeth Cady Stanton

"No matter what the motive...the woman is awfully guilty who commits the deed. It will burden her conscience in life, it will burden her soul in death, but oh, thrice guilty is he who...drove her to the desperation which impelled her to her crime."
—Susan B. Anthony

MENTAL ILLNESS IN YOUR FEDERAL GOVERNMENT

The Americans with Disabilities Act (ADA) is coming home to roost. On April 29, the U.S. Equal Employment Opportunities Commission (EEOC) issued new guidelines that extend the definition of "disability" more explicitly to include mental illnesses, psychological disorders, and emotional imbalances. Employers who now release or decline to hire persons with such conditions can be liable for huge penalties.

The new guidelines have employers very nervous. As a recent advisory from

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the National Federation of Independent Business complained: "The guidelines state that 'Expert testimony about substantial limitation is not necessarily required. Credible testimony from the individual with a disability and his/her family members, friends, or coworkers may suffice.' ...How is an employer to know what to do if an employees' spouse calls the office and says 'John is going through post-traumatic stress and needs a leave of absence.' If John does not come to work for a month, he is protected by the ADA because his wife gave 'credible testimony.'"

Lest you think it unreasonable of employers to worry over mental illness becoming a protected job category, consider the case of the Washington, D.C. man whose foot was mangled in a subway escalator. It turned out the station manager, who had been diagnosed as schizophrenic and was taking Lithium and Thorazine, relayed vague instructions to a homeless man on how to find the emergency shut-off button on the escalator, instead of walking 10 feet to use his own switch. A federal jury ordered the transportation authority to pay $800,000 in damages. Under the EEOC's new mental illness regulations, though, an employer who was reluctant to let a schizophrenic serve as a supervisor might be opening himself up to an equally big fine for violating the ADA.

Even before this latest opening of the lawsuit gates, the experience of employers with the ADA has not been happy. In just the first four years of the ADA's existence, 60,000 charges were filed with the federal government. Only one in ten was judged to have validity (though many more had to be defended with expensive legal counsel). An analysis of ADA complaints conducted by attorney Mark Parenti found that "employees most often sue their employers over 'invisible' disabilities which are not readily apparent"—like back injuries or mental conditions—and that a majority of the charges are filed after an employee is discharged.

An indication of just how absurdly the ADA functions is the fact that United Parcel Service is being currently sued by the EEOC for refusing to hire one-eyed truck drivers. "Don't assume that people with one eye cannot drive," says EEOC lawyer Bill Tamayo. Meanwhile, as James Bovard points out in the *Wall Street Journal*, other regulations from the National Transportation Safety Board expressly prohibit one-eyed drivers of trucks weighing more than 10,000 pounds.

For business owners it's "damned if you do, damned if you don't." But don't even think about blaming some mentally ill EEOC employee.

NO HANDS ON THE TILLER

Washington newspapers recently reported that one attendee at the Clinton administration's famous White House kaffeeklatsches was Dr. George Tiller of Wichita, Kansas—one of the biggest abortionists in America. Tiller conducts 2,000 surgeries a year, making $500,000 annually in the process (according to ex-employee Luthra Tivis). He specializes in terminations of babies in their seventh, eighth, and ninth months, with "a very high percentage" of these cases involving perfectly healthy children according to Tivis. Tiller, who was hosted by President Clinton at the White House on June 17, 1996, contributed $25,000 to the Democratic National Committee and maxed out at $1,000 to the Clinton-Gore Primary Committee.

A MEMORABLE MESS

The stone boys have finally gotten around to raising a shrine to Franklin D. Roosevelt, but they needn't have bothered: The city of Washington, in all its bloat and pomp, is already testament to his "greatness."

Gobbling up seven-and-a-half acres along the once-beautiful Tidal Basin (12 times the size of Jefferson's commemoration) the FDR memorial consists of four rooms, one for each Rooseveltian term. This very design speaks to FDR's power-lust. "Two times is enough for any man," declared Republicans and anti-FDR Democrats in 1940, when this ambitious pol rejected the two-term tradition established by George Washington and took a lifetime sublet on 1600 Pennsylvania Avenue.

The memorial's rooms are decorated with FDR quotations. Problem is, FDR did not write his own speeches—so, unlike Jefferson or Lincoln, there is no reason to etch his utterances in marble for posterity. The words themselves range from the banal to the mendacious, producing what even liberal dowager Mary McGrory called "aching political correctness." For example, the man who built enough dams to hold back a small ocean is quoted saying: "The throwing out of balance of the resources of nature throws out of balance also the lives of men."

From façade to restroom, this memorial glorifies not so much FDR as the Big Brother Knows Best sensibility he bequeathed us. Accompanying sculptures depict weary Americans awaiting deliverance by Father Franklin. A waterfall pays tribute to the Tennessee Valley Authority. Eleanor Roosevelt's visage floats in front of the United Nations seal.

These acres were better left to the squirrels and sparrows. For in post-FDR Washington, the old epitaph never rang truer: If you seek his monument, just look around.

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UNCOMFORTABLE ON CASUAL DAY

Careful what you wear on Friday: In more than two-thirds of companies nationwide, it's office "Casual Day." So get out those khakis and woe to the shlub who wears a three-piece suit.

What's wrong with Casual Day? For starters, it's misnamed: Telling everyone that they should wear Dockers instead of dress slacks isn't casual. It's an alternative dress code every bit as restrictive as the traditional one. If companies were truly casual they would let employees come to work in loin cloths and sandals. You might greet your boss with "Yo, dude, dig those sandals."

Don't count on that. What we get instead is people coming to work dressed for the company picnic, and the temporary evaporation of corporate attire that signifies self-respect and high aspiration. Ironically, more and more offices have jumped on the casual bandwagon just as schools nationwide are returning to dress codes and uniforms that went out with the '60s.

Poor kids: They're told proper dress is a prerequisite for workplace success. Then they arrive at their first job to find everyone dressed like suburban barbecuers.

Pseudo-informality is touted as a boon to employees, but corporate dress consultant John Molloy says the policy is far less popular than its proponents presume. An officially sanctioned day for relaxed dressing can be mighty stressful, says Molloy, because workers don't know quite what to wear. It doesn't work to drag out your sweats; an entire new set of office outfits must be purchased.

Rules vary from company to company. Ludicrously, many provide elaborate lists of casual *dos* and *don'ts* (jeans are usually a no-no; khakis are kosher), and helpful tips on just how to conform to the casual dress code so you fit in with the herd of independent dressers. "Pants worn just long enough to create a slight break in front, and clean, polished shoes with socks make for a casual but professional look," explains the Levi Strauss "Guide to Casual Businesswear."

That Casual Days have spawned extensive rules shouldn't surprise anyone. The practice is just another example of the futility of trying to do away with standards. People are never happy in an environment where they have no idea what is expected of them; so rules grow up organically. And people who publicly flout social norms in the name of nonconformance invariably put even more restrictive codes in their place.

And so Casual Day usually requires people to flout rules exactly as their fellow non-conformists do. When a Houston insurance company tried Casual Day several years back, employees went overboard, sporting tank-tops and T-shirts that hung to their knees. Finding that things were getting a little too informal, the company ditched Casual Day altogether. More businesses should go that route and save casual days for days off.

*—**Evan Gahr** is a New York City writer.*

TIMES RESCUES *POST*

Both Washington newspapers recently pictured the arrival of U.S. Ambassador to Vietnam Pete Peterson on their front pages. The conservative *Washington Times*' caption read, "Peterson is greeted in Hanoi by Mai Van On, who captured Sen. John McCain during the Vietnam War." The liberal *Washington Post*'s caption read, "Peterson is greeted in Hanoi by Mai Van On, who rescued Sen. John McCain."

Rescued? The next day, the *Times* offered the *Post* this handy guide: "U.S. forces *rescued* downed pilot Scott O'Grady in Bosnia; then they *brought him home.* North Vietnamese forces *captured* John McCain; then they *locked him up for six years.*"

Incidentally, a recent issue of the trade magazine published by the American Society of Newspaper Editors carried an article titled "The Myth of the Liberal Slant," which argued that "There is no convincing evidence that journalists infect their stories—intentionally or otherwise—with their own political prejudices.... While a few studies suggest such a link, most are the handiwork of right-leaning groups and critics whose research methods can't withstand scrutiny."

The same issue of the newspaper editors' magazine carried results from a new survey—conducted by the ASNE itself—of 1,037 journalists working at 61 different U.S. newspapers. This study showed that in 1996, 15 percent of all reporters labeled themselves "conservative/Republican," while 61 percent called themselves "liberal/Democrat." An earlier poll showed that 89 percent of Washington journalists voted for Bill Clinton in 1992.

What a *relief* to know that the serious imbalance seen in these numbers—and in the side-by-side captions of our Washington papers, and in so much else in today's media—doesn't withstand scrutiny.

MORE NIHILISM FROM IRRESPONSIBLE CORPORATIONS

If you liked the companies who brought America *Geraldo!,* the movie *Crash,* and rock idol Marilyn Manson, you're going to love this.

Benetton, the European clothing maker that has long used ugly, shocking, and anti-social advertising (replete with images of criminals, disease, nudity) to market its products, has apparently found a fresh set of taboos to exploit. The newest edition of its infomercial magazine *Colors* features graphic pictures of road kill, grossly misshapen creatures like a five-legged cow and a "Chernobyl pig," and feces of various animals.

We can hardly wait for their special issue on people deformed by twisted advertising.

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RODHAM-CLINTON VS. ASHCROFT-HUTCHISON

Suppose you're a parent who wants to take two hours off of work for your child. You want to work 38 hours this week and 42 hours the next to balance things out. Salaried workers and federal employees have the right to do that, but if you're paid by the hour, a 1938 New Deal law makes such a move illegal.

The only solution to this problem the Clinton administration will support is unpaid "family leave." Hourly workers who supply documentation to their company's human resources office that their child is in trouble can take off the hours, in limited quantities, but only by forfeiting pay.

Sen. John Ashcroft (R–Mo.) and Sen. Kay Bailey Hutchison (R–Tex.) have a better alternative. They have introduced a measure, known as the Family Friendly Workplace Act, that would give hourly workers and employers the power to create more flexible schedules. An employee could work less than 40 hours one week and more than 40 another without triggering mandatory overtime pay, so long as the worker *averages* no more than 40 hours on the job over a two-week period. In addition, the bill would allow hourly workers to choose between getting either time-and-a-half overtime pay or one-and-a-half hours of compensatory time off for every extra hour worked when they work beyond the 40-hour average.

Recently, the Independent Women's Forum (IWF) held a seminar on Capitol Hill examining the benefits of the Ashcroft-Hutchison bill. "Today's federal employment laws reflect the working conditions of the 1930s," said IWF executive director Barbara Ledeen. "It is time to bring these Depression-era, bread-line labor policies into the '90s."

American Enterprise Institute economist Diana Furchtgott-Roth testified that by giving workers and employees more choices, the Ashcroft-Hutchison measure would stimulate economic growth. "History has shown that, when workers are given choices, these choices are used fruitfully," Furchtgott-Roth testified. "Giving workers a choice of more time or more pay would only have beneficial effects."

The seminar also featured workers and employers discussing how more freedom in deciding the hours they would work would benefit them. Libby Murray, human resources director at a northern Virginia hospital, observed that President Clinton's unpaid family leave law forces her to ask parents to supply a great deal of intimate information before an absence can be approved. The administration's newest proposals "would require me to ask even more. It should not be any of my business to learn that an employee qualifies [for leave] under the Clinton plan because his or her child is failing in school."

Cathy Ritter, president of an engineering firm located in Timonium, Maryland, testified that current labor law prohibits her from granting leave to an employee to take part of a day off. Under present regulations, paid leave has to be granted in whole days. A worker who wants to leave three hours early to watch his son's softball tournament must either take the whole day off or come to work very early.

Ritter argued that she and her employees were better able to decide how their time should be spent than Labor Department regulators. "I have no desire to force upon my employees a schedule or monetary compensation that they would truly rather trade for time off," Ritter said. "Having an office full of disgruntled employees does nothing for my firm's productivity."

NEXT LET'S PASS A LAW AGAINST SALESMEN GOING BALD

Now that President Clinton has announced that he wants to expand the Family Leave Act, I'd like to propose a "Businessowner's Leave Act." Under this plan, if your business is normally slow during the summer months, you could shut down completely, and lay off your employees without pay. Come September, you'd re-open, and all your employees would be required to return to work.

This would also apply if you or your spouse wanted to take six months off to have a baby, renovate, bring a pet to medical treatments, or relocate your business. You could thus take care of these compelling life demands, confident in the knowledge that all your employees will be back bright and early on re-opening day. If, by chance, an employee doesn't show up, perhaps having found a better employer in the interim, not to worry. One call to the Labor Department, and sooner than you can say, "Serf's up," the wayward worker will be picked-up, shackled, and returned to you the rightful employer.

Sure it sounds a bit like indentured servitude, but it's not much different from the way businessowners are now required to train temporary employees, only to have to fire them when the original workers return from family leave.

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The benefits of second-class citizenship, enjoyed by businessmen since the 1930s, should be available to everyone. The Businessowner's Leave Act would restore much-needed balance by giving employees an equal opportunity to experience the joys of mandatory sacrifice.

Phase Two of this legislation will address the other major problem faced by businessowners who take a leave of absence: It will require all your customers to return upon re-opening or face prosecution.

It's time we gave businessowners relief from the relentless demands of the marketplace, freeing this exploited class to take care of their personal and family needs. Remember, freedom is slavery.

*—**Philip Barry** is a radio talk show host on New York City's WKDM.*

INTOLERABLE MOTHERS

Working Mother magazine claims to be the "voice of America's career-committed mothers." Unfortunately, the publication has for years supported working mothers by portraying at-home mothers as ignorant and foolish and their children as unfortunates deprived of sparkling socialization opportunities and glamorous employed-mother role models.

For example, in "Why It Pays to Keep Working," the lead story in a recent issue, Leslie Alderman provides a fear-mongering diatribe on the dangers to a woman's economic and psychological health if she quits her job, or even cuts back her hours, in order to care for her children. The article was a response to a national movement for "voluntary simplicity"—a trend denounced by *WM* editor-in-chief Judsen Culbreth in one of her regular appearances on NBC's "Today Show" timed to the release of the Alderman article.

WM's editors simply can't accept that anything other than a patriarchal plot could induce millions of mothers to reorder their work lives to make more room for their families. Yet in fact this trend is being driven by working women themselves. Despite media whitewashing and cultural pressure on women to conform to the careerist norm, polls repeatedly show that the majority of mothers, regardless of socioeconomic, political, and other factors, prefer to care for their own children. Whether they arrange flexible work options, or quit altogether for a period of time, growing numbers of today's mothers are rejecting the notion that a full-time job, especially away from home, is the answer to their dreams and to their families' needs.

The self-appointed mavens of working motherhood are blind to this groundswell, however. In their new book *She Works, He Works*, Rosalind Barnett and Caryl Rivers declare that "Ozzie and Harriet are dead"—so any notion that it's a serious and reasonable choice for modern mothers to forego employment must be expunged from public dialogue. An entire cottage industry promotes this same viewpoint.

Hellooo. Someone forgot to tell today's seven million married at-home mothers (as counted by the U.S. Department of Labor) that they are "dead." After decades of social ostracization, at-home mothers are re-entering the cultural mainstream. This is intolerable for those who see homemakers as unhealthy role models for young women, and full-time mothering a pathetic fantasy for overburdened employed mothers. They try to purge from the media any message that being at home is an affordable, or even worthwhile, endeavor.

Just as troubling as media stereotyping of at-home mothers is the unwillingness of those who have the power to confront it to do so. The corporations whose advertising dollars pay for these magazines and TV broadcasts are so careful never to appear critical of employed mothers in their messages that they often seem to avoid any positive images of at-home mothers. Let's not risk inflaming any guilt in working mothers who purchase our wares or are on our payroll, they seem to calculate, forgetting that at-home mothers also purchase products and have spouses on payrolls.

President and Mrs. Clinton recently staged a White House Conference and other events on the importance of infant and early childhood learning. One can only wonder if the administration has given any thought to proposals that would support parents, economically and culturally, to be the primary nurturers of their children. Rest assured that if, by some remarkable feat, such proposals do surface, Judsen Culbreth and her coterie will do their best to stamp them out.

*—**Heidi L. Brennan** is director of Mothers at Home, based in Vienna, Virginia.*

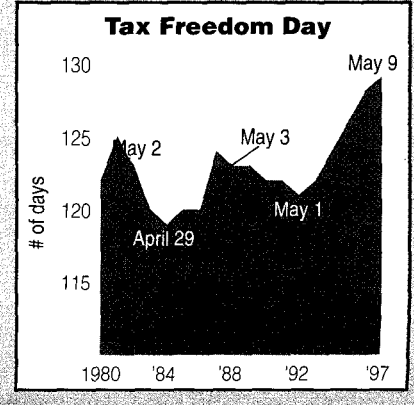
GET "BIG BUSINESS" TO PAY FOR IT

Public Citizen is the "progressive" organization founded by Ralph Nader to crusade for the disenfranchised and disempowered, to smite the mighty and haughty, and to make sure that high costs aren't allowed to slow down the race for "social justice." So guess whose office is inaccessible to the handicapped? Right: Public Citizen's, reports the *Washington Post*.

Uhhh, they looked into wheelchair access a few years ago, but found it would be (imagine this) "prohibitively expensive."

MAYDAY

Every year, the Tax Foundation calculates "Tax Freedom Day"—the date when an average American will have finally earned enough to pay his federal, state, and local taxes for the year. 1997 brought an ignominious peak: Every penny earned by the average citizen up until *May 9* went to taxes. For the record, that compares to a Tax Freedom Day of May 1 when George Bush left office, and a recent best of April 29 during the Reagan era.



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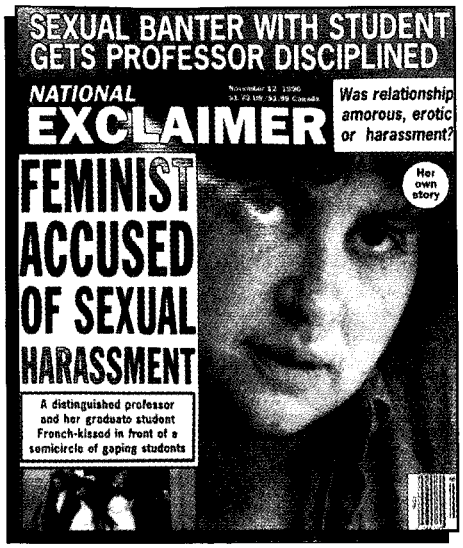
ROUGH JUSTICE

At a Gay Studies Conference, Jane Gallop, a professor of English at the University of Wisconsin, Milwaukee, announced that "graduate students are my sexual preference," and shortly thereafter kissed one of hers in public. A year and a half later that student, along with one other, formally accused her of sexual harassment. Gallop suddenly found herself caught between two phases of campus radicalism—between the '60s' celebration of flaunting one's sexuality and the '90s' puritanical sex codes that seek to de-eroticize the classroom completely.

In a new book entitled *Feminist Accused of Sexual Harassment*, published by Duke University Press with lurid, tabloid-style publicity (see their ad nearby), Gallop recounts how she suffered through today's academic equivalent of a Salem witch trial. The title of her work points to the irony of her situation: Having championed all the causes of the '60s, especially feminism, she eventually fell victim to their ideological consequences. It is difficult to judge right and wrong in her case, because her book gives such a sketchy account of the episode and one strongly suspects that it is biased in her favor. But whatever the merits of the case (and Gallop evidently was more or less acquitted by university authorities), one cannot help noting a certain rough justice in her fate.

Gallop writes bitterly of one accuser: "Well-versed in anti-harassment rhetoric, one of the students states in her complaint against me: 'It is at the level of the institutionally enforced power differential that I wish to locate my harassment charges.'" Well, where did this student learn such language if not from professors like Gallop? (Indeed, who but English professors teach this kind of clotted prose?). The '60s radicals who became today's left-wing professors railed incessantly against "institutionally enforced power differentials." Now that they hold power in academic institutions, they should not act so indignant when the weapons they forged are turned against them.

One can sympathize with Gallop's attempt to highlight problems in the new campus sex codes. "I hope that my example can expose the limitations of loose analogies and impede the rampant expansion of the concept of sexual harassment," she writes, and feminist nemesis Camille Paglia could not have put it better. But there is something laughable about a contemporary professor of literature inveighing against loose analogies. Gallop's own characterization of the early days of women's liberation is that "our breasts were political." Now *there* is a loose analogy. And if this is the kind of mushy thinking Gallop fosters among her students, is it any wonder they proved incapable of making the sort of intellectual distinctions she insists should have been applied in her case?



Actual Duke University Press ad.

Gallop complains that in the charges against her "little distinction was made between sexual harassment (the criminal charge) and authoritarianism (a complaint about teaching style). In the eyes of the students gathered together to resist me and faculty oppression, they were virtually the same crime, the crime of having power over them." Once again, one must ask, "Who taught these students that having power over someone is a crime?"

Gallop would like to believe she is simply the victim of a misapplication of legitimate principles she still endorses. The real villain in her story, though, is a style of thinking she helped create. And one in which she herself indulges to this day.

*—**Paul Cantor** is professor of English at the University of Virginia.*

HARD-WORKING CHURCHES

Allen-Edmonds Shoe Company had a problem. A labor shortage at its Port Washington, Wisconsin factory forced the company to recruit employees from inner-city Milwaukee. When moving employees from Milwaukee to the job site became impractical, the company decided to move the job site to the employees and set up a new factory in Milwaukee.

Recruiting more employees for its expanding operations, the company came up with a novel approach. Rather than turning to public agencies, company president John Stollenwerk contacted pastors at several neighborhood churches. The strong work ethic and family orientation of the employees recruited from these Catholic, largely Hispanic, parishes fit the company's needs like the finely tooled shoes it produces.

When asked why he had not gone to the local federal and state job-training programs to find employees, Stollenwerk replied, "It just never occurred to us." After all, government training programs can (sometimes) impart specific skills to their participants, but they cannot provide the habits of punctuality, hard work, and commitment to family that are crucial to becoming a successful, productive citizen. People either come to the programs with those habits and commitments, or they leave the programs without them.

Similarly, while Allen-Edmonds can teach an employee how to make a good shoe, it can't make that employee a good worker. For this, employers like John Stollenwerk are dependent upon families, community groups, and churches, where people learn the habits on which our economy, and more generally our society, rely. No War on Poverty, no growing economy can save distressed areas in which families are broken, churches sit empty, and neighborhoods are shattered by drugs, apathy, and violence. Unless businesspeople and other Americans help to maintain and restore the fundamental institutions in which individual virtue is built up, no amount of money or government effort will be enough to keep hope and prosperity alive in America.

*—Senators **Spencer Abraham** (R-Mich.) and **Dan Coats** (R-Ind.) are members of the Renewal Alliance, a bipartisan effort to revive urban life.*

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GO WITH THE FLOW

Remember when AT&T announced early in 1996 that it was downsizing by 40,000 workers? That decision landed the company on the covers of *Fortune* and *Newsweek* under the banner headline "Corporate Killers."

Well, a year has passed, and guess what? It turns out that AT&T has almost the same number of employees now as it did when those force reductions were unveiled. What happened? Simple: the company's fast-growing Internet, local, wireless, and customer-service operations (precisely the areas AT&T wanted to concentrate on when it spun off its non-telecom divisions) have hired employees as fast as other departments have shrunk.

A great many of the new jobs went to people released from some other position within AT&T. The company spends about $1 billion a year to educate or train employees for new positions within its walls, and has between 1,500 and 3,000 workers in classrooms on any given day. So no corporate killings. No blood-stained office cubicles. Just a re-configured, much more efficient company newly focused on what it does best.

This same process of redeployment, recovery, and resurgence regularly takes place even when an employer shuts down altogether. This is why Americans need to be careful about resisting economic shifts and commercial realignments. Fighting change and preserving existing operations that are not efficient can actually harm a local economy and workforce over the long run.

Some brilliant reporting on Rochester, New York, published in the *Washington Post* illustrates this. Reporter Malcolm Gladwell recounts how when General Dynamics closed a local plant in the 1970s, laying off 1,800 workers, the local congressman called it "the most severe blow to Rochester since before World War II."

But that's not how things worked out. Instead, the engineers, machinists, and managers let go by GD started setting up little businesses of their own. Gladwell picks up the story: "Within 15 years, some 17 separate companies in Rochester had sprung from the ashes of General Dynamics, collectively employing three times as many workers as had been laid off....

"Other employees went to work for Xerox...or IBM divisions in the area, or joined smaller start-up companies, helping to fuel a high-tech manufacturing boom that is one of the main reasons this city of 231,000 ranked last year as one of the top exporting areas in the country, sending some $13.2 billion in goods overseas.

"Today...it is not difficult to find refugees from the old General Dynamics who think that 'the most severe blow to Rochester since before World War II' was actually a blessing in disguise.... 'The problem is that people don't see the big picture,' said Roger Bettin, an ex-GD engineer who is one of the co-founders of R.F. Communications. 'They hear about downsizing and they think that's it. They don't see the big picture. Jobs are being created all the time.'"

David Birch, president of a Cambridge, Massachusetts, economic research firm called Cognetics, Inc., has discovered this same pattern in other cities. He examined what happened when Boeing laid off 17,000 workers in the Seattle area in the early 1970s, for instance, and found that 600 to 700 new companies could trace their origins to those firings. His studies of big cutbacks by computer-maker NCR in Dayton, Ohio, document the same phenomenon. "This is a hard concept for people to grasp," Birch notes, "because at the moment the layoffs occur, everyone says ohmigod the sky is falling. They don't have any idea what the future might be. It's very frightening. But in the long run, it may be for the good."

THE SENATOR MISSES THE FACT THING

At a May 21 hearing, Senator Tom Harkin (D-Iowa) attacked General Ronald Fogleman, Air Force Chief of Staff, regarding the case of pilot Kelly Flinn.

SEN. HARKIN: How many attorneys do you have...running around trying to find out how many people are committing adultery?

GEN. FOGLEMAN: Senator,...I would really like to see people not comment so much on it until they have all the *facts*.... This is not an issue of adultery. This is an issue about an officer who was entrusted to fly nuclear weapons, who disobeyed an order, who lied....

SEN. HARKIN: Isn't lying and disobeying orders also punishable under the [Universal Code of Military Justice]?

GEN. FOGLEMAN: Yes.

SEN. HARKIN: Then why wasn't she charged with that?

GEN. FOGLEMAN: She is.

SEN. HARKIN: I thought she was just charged with adultery...she's charged with lying and disobeying an order?

GEN. FOGLEMAN: Yes, sir. It's [illegible]'s fact thing, sir, it's [illegible]

FLINN-FLAMMED

The case of Air Force First Lieutenant Kelly Flinn sent Washington pundits and pols into a collective dither. Waxing indignant over the "double standard" of Flinn having to face a court-martial, while innumerable male officers supposedly engage in dalliances yet receive nothing but the ol' wink-and-nod, they rushed to the microphones without checking the facts. Official figures soon showed that 60 out of the 67 members of the Air Force prosecuted for adultery in 1996 were men.

And adultery was only one of the charges against Flinn. The others

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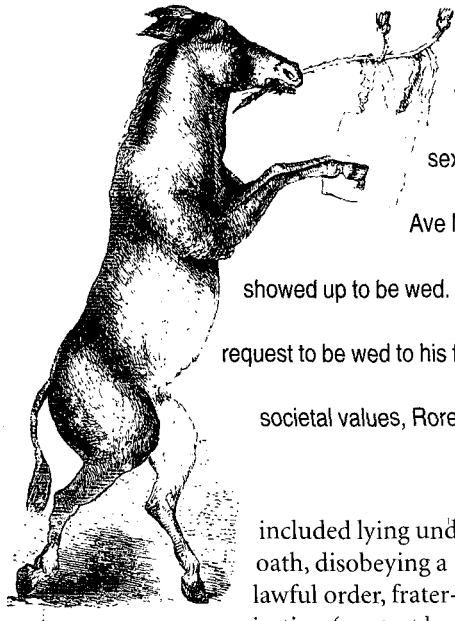
BOLDLY DRAWING A LINE TO PROTECT MARRIAGE



When Boulder, Colorado county clerk Clela Rorex was unable to find any law explicitly prohibiting same-sex "marriage," she agreed to marry Dave Zamora and Ave McCord. Five more homosexual couples quickly showed up to be wed. That moved an angry cowboy to visit the office with a request to be wed to his fiancée, an 8-year-old mare. Boldly defending basic societal values, Rorex refused. The horse, she noted, was underage.

included lying under oath, disobeying a lawful order, fraternization (contact between officers and enlisted persons that is forbidden because of its deleterious effects on military discipline), and conduct unbecoming an officer. Flinn and her handlers skillfully manipulated public views of her case by downplaying these broader infractions. In a made-to-order interview with Morley Safer she even managed a few tears (an endearing quality for a bomber pilot).

The media weren't the only ones played "like trout" (to use Camille Paglia's words). Several members of Congress bought Flinn's story, including Senate Republican Leader Trent Lott. But then his only time in uniform was as a college cheerleader, standing on the sidelines while the neanderthals on the field broke each other's ribs. The Air Force, not wanting to bite the hand that feeds them, came perilously close to surrendering.

Senator Lott, once considered a conservative leader, saw his position deteriorate when, the next day, the Air Force produced a letter from the wife of Lt. Flinn's boyfriend, herself an enlisted service member, which confirmed the Air Force's case. Then in a hearing on Capitol Hill, Air Force Chief of Staff General Ronald Fogleman set the dithering senators straight on a subject where their ignorance was nothing less than negligent (see his exchange with Senator Tom Harkin, nearby). With the tide beginning to turn, Flinn's lawyers sued for peace, and the Air Force agreed to a "general discharge under honorable conditions." Not a bad deal for someone otherwise facing the brig.

A liberal CNN commentator awarded Lott his "political play of the week." Others in the media were less sympathetic to Flinn. Quoting her statement that leaving the Air Force causes her "relentless tears," the *Washington Post* opined that "maybe the book and movie offers, and the job offers from commercial airlines, will help stanch that relentless flow." Meanwhile, *The New Republic* bemoaned the beginning of yet another episode in the military soap opera: An Air Force Academy classmate of Flinn faces a court-martial for her affair with a senior officer that resulted in a child born out of wedlock, disobeyed orders, absence without leave, and unbecoming conduct (in her case, sending "graphic, profanity-filled letters boasting about sex" to the wife of her paramour).

Lott, assured by political footman Dick Morris that he "did exactly the right thing," was a hero to feminists for two or three days. Flinn will probably be hired as a pilot by Virgin Air, have her discharge upgraded from general to honorable, pose for *Playboy*, and make a run for Congress financed by speaking fees and TV-movie royalties. Her counsel could become the legal affairs commentator for Jerry Springer. The losers are the military judicial process, and conservatives stupefied by the buffoonery of their leadership.

In the long run, the most serious damage will be to the military's ability to perform the functions we expect of it. While you read this, all around the world young men and women are living, working, and occasionally dying in a job that demands a different set of rules from comfortable civilian life. These rules, which may seem rigid and inscrutable to me-generation reporters and politicians, are designed to keep those military men and women alive and help them complete their mission. A military without rules against fraternization, lying, and disobedience will collapse in the face of an opponent with those rules in place.

—***William Buckey*** *is a fighter pilot and combat veteran.*

Drawing by Handelsman; © 1996 The New Yorker Magazine, Inc.

"Very nice résumé. Leave a sample of your DNA with my secretary."

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By Karl Zinsmeister

Indicators

WOMEN RATE HOME LIFE & WORK

A March 1997 survey for the Pew Research Center found that **six out of ten American women think today's mothers are doing a worse job** at parenting than previous generations of mothers did. The main culprit, according to the female public: too many women giving precedence to work over family life. **Only 29 percent of U.S. women now say that families "in which both the father and mother work full-time" do a good job of parenting.** That's no better than the rating given to single parents:

Women Who Say "Most" Such Families "Do A Good Job As Parents"

Father works full-time and mother stays home	66%
Father works full-time and mother works part-time	54
Father and mother work full-time	29
Single mothers	28

Source: Pew Research Center, May 1997.

Public unease over the decline of attentive mothering and fathering is rippling to the surface in many places. "Lies Parents Tell Themselves About Why They Work," blazed a headline in *U.S. News* recently. In *Newsweek* it was "The Myth of Quality Time: How We're Cheating Our Kids."

A new book by sociologist Arlie Hochschild entitled *The Time Bind* asserts that **many contemporary parents are actually choosing to overwork to avoid the responsibilities of family life.** Her argument has ignited a new debate on the possibility that, as a recent *Wall Street Journal* article put it, some of today's working parents are "uncaring narcissists who neglect their kids for the ego high they get from work." As liberal writer and working-mother Sue Shellenbarger concedes, "The work-family debate has long been too biased toward enabling people with families to get to work and stay there. It's time for the pendulum to swing the other way."

HOME LIFE & WORK II

On the occasion of the Ms. Foundation's annual "Take Our Daughters to Work Day" this year, newspaper columnist Suzanne Fields made an interesting suggestion: **"Why not a 'Stay-at-Home with Our Daughters Day' instead?"**

Voters seem to agree. When they were asked, in a survey conducted for the Independent Women's Forum after the '96 election, what their own ideal work/home solution would be, **the dual full-time worker household was only a third as popular as the household with one spouse at home.** At-home businesses and part-time jobs were also more popular than double full-time earning. (See chart following.)

A solid majority of the public also said they would give up some pay or seniority in exchange for more personal time. And two-thirds said they were willing to accept the risks of starting their own business in return for the flexibility and independence it would offer.

Voters Who Say This Would Be "My Ideal Balance Between Work and Family"

One parent working full time, the other at home with children	36 %
Running my own business from home	21
A part-time job	17
Both parents working full time, with child care inside or outside our home	13

Source: Independent Women's Forum, November 1996.

SECRET HISTORY OF THE RECENT U.S. ECONOMY

Popular wisdom, endlessly repeated in the press and political debates, holds that American incomes have stagnated over the last two decades, halting upward mobility. In a recent study, University of California economist Richard McKenzie finds this cliché to be wholly false.

Our faulty Consumer Price Index—which the national Boskin Commission last year said should be overhauled—has badly overstated inflation for years. In the process it has obscured steady growth in American incomes. By applying the findings of the Boskin Commission scholars to 20 years' worth of national economic statistics, McKenzie finds that today's standard reference data are badly misleading:

Economic Progress 1977-1995

	official figure	true figure corrected for CPI overstatement
Hourly earnings of average worker	-13 %	+13 %
Earnings plus fringe benefits of average worker	+3	+33
Median family income	+1	+31

Source: Center for the Study of American Business, February 1997.

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LIFESTYLES OF THE RICH & FRUGAL

Using some clever sampling techniques to pluck wealthy households out of census tracts, academics Thomas J. Stanley and William Danko have researched affluent Americans for nearly 25 years. Their findings, collected recently in their book *The Millionaire Next Door*, will come as a surprise to anyone whose conception of the affluent has been formed by television.

Stanley estimates there are currently 3.5 million U.S. households that have a net worth of $1 million or more. He and Danko have conducted in-depth surveys and interviews with more than 1,000 of these people, discovering the following startling facts about American millionaires:

- The prototype is a 57-year-old male with an average net worth of $3.7 million.
- Married in 95 percent of all cases.
- Retired in about one in five cases.
- Non-retired millionaires put in about 50 hours of work per week, on average, although most could indefinitely maintain their current living standard just by drawing on savings.
- More than 80 percent of all millionaires are self-made. Nearly half never even received college tuition payments from their parents, or as much as $1 in family inheritance or gift. (This accords with America's historic pattern. An 1892 study of 4,047 millionaires found that 84 percent were first-generation rich.)
- Fully seven out of ten millionaires are, or were, self-employed. Small business owners are four times more likely to be millionaires than people who work for others.
- About one-quarter of the self-employed millionaires are professionals with their own practices, like doctors or accountants. The other three-quarters are entrepreneurs.

One of Stanley and Danko's most interesting findings concerns the important differences between millionaires and people who have high earnings yet little accumulated wealth. **High earners are fairly common in America. Accumulators of significant wealth are much rarer.** Most millionaires, explain the authors, "play great offense in the game called income generation. Great offense in economic terms means that a household generates an income significantly higher than the norm.... But most [wealthy] households also play great defense; that is, they are frugal when it comes to spending for consumer goods and services.... Quite often their great defense helps them outscore/outaccumulate those who outearn them."

"Few people can sustain profligate spending habits and simultaneously build wealth," write Stanley and Danko. Given that the median household income of the millionaires studied was $131,000 per year, it's clear that **striking gold is not the key to most fortunes.** Instead, they conclude, **"Being frugal is the cornerstone of wealth-building."**

And they aren't kidding. Nearly 40 percent of all millionaires are driving a car that's at least three years old, most of them American made, few of them leased. About half have occupied the same home for more than 20 years, in many cases in relatively modest neighborhoods where few of the fellow residents are as affluent, or aware how wealthy their neighbor is. The typical millionaire has *never* spent more than $399 on a suit, $140 for a pair of shoes, or $235 for a watch. (Actually, the median *self-made* millionaire has never paid more than $360 for a suit. The overall average is inflated by the 14 percent of all millionaires who *inherited* their money—they pay more than $600 for their suits.)

Stanley and Danko found that 43 percent of the millionaires they surveyed possessed a Sears charge card, and 30 percent had one from J. C. Penney. Only between 25 and 10 percent of the wealthy held credit cards from Lord & Taylor, Saks, Neiman Marcus, or Brooks Brothers. Other data from the Strategic Directions Group finds that 81 percent of high net-worth individuals clip newspaper coupons weekly. "What are three words that profile the affluent? Frugal, frugal, frugal," repeat Stanley and Danko.

What do these people do with their money if not spend it? Save and invest! **America's quiet millionaires "are fastidious investors."** On average, **they sock away nearly 20 percent of their taxable income each year,** with the largest portions going into their own businesses and the stock market. And the typical millionaire rarely sells his equity investments.

"Big Hat, No Cattle" is a term used by Texans to describe people with high earnings (or at least high consumption) but little accumulated wealth. The typical affluent American has nearly reversed this formula. He is usually satisfied with a comparatively small hat and lots and lots of cattle. **"It is easier to purchase products that denote superiority than to be actually superior in economic achievement,"** observe Stanley and Danko. The viewpoint of those they interviewed is that "Allocating time and money in the pursuit of looking superior often has a predictable outcome: inferior economic achievement."

"Most households with six-figure annual incomes are not affluent," summarize Stanley and Danko. "These people...believe in spending tomorrow's cash today. They are debt-prone and are on earn-and-consume treadmills. To many of them, people who don't display abundant material possessions are not successful. To them, nondisplay-oriented people like Johnny Lucas [a typical small-business-owning millionaire in this sample] are their inferiors."

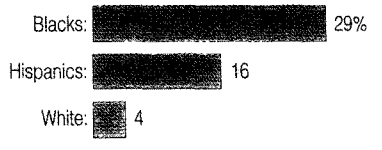
If only they knew.

WHO GOES TO PRISON?

A newly released report from the U.S. Bureau of Justice Statistics estimates that just over 5 percent of Americans will spend some period in prison during their lifetime. This rate varies a lot, however, for different demographic groups.

The starkest difference is by sex. Whereas 9 percent of all men will spend time behind bars, the figure for women is just 1 percent. Also dramatic are the differences by race:

Men's Lifetime Likelihood of Going to Prison



Source: U.S. Bureau of Justice Statistics, 1997.

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Two Views

A CRUSADER FOR DEMOCRACY AND A CONSERVATIVE REALIST ARGUE WHETHER AN EXPANDED ALLIANCE MEANS A SAFER EUROPE

A Bigger NATO?

Joshua Muravchik

Owen Harries

NATO, many have said, is history's most successful alliance. But can it survive its success? NATO was formed for the specific purpose of countering Soviet imperialism, but the Soviet Union now rests in the dustbin of history. Why should NATO continue unless it can serve new purposes?

The fact is, the Soviet Union did not create instability and war in Europe; instability and war in Europe created the Soviet Union. Largely due to NATO, we have experienced 52 years without a war among the powers of Europe, the longest such respite since the birth of the modern world.

The key was the American presence in Europe. America offered a shield against Soviet expansion, but the NATO alliance and the American presence also reduced insecurity in other ways. For the most part, it ended the contest of all against all that had characterized European history. France and Germany and other combinations of states with histories of enmity no longer feared one another.

ARGUMENTS AGAINST NATO EXPANSION BOIL DOWN TO ARGUMENTS AGAINST NATO'S CONTINUED EXISTENCE.

American influence, anchored in NATO, also counteracted three other sources of war: despotism, privation, and colonialism. America actively fostered democratization, market economics, and decolonization. But as Bosnia served to remind us, the end of the Cold War does not assure international peace. Either a new, post-Cold War security architecture will be fashioned or a precarious one will grow up willy-nilly. There is no way to foresee all new threats in Europe, but the best formula for forestalling or attenuating them is the same one that has worked so well for so long: America, democracy, capitalism, and non-imperialism. The design

continued on facing page

The NATO alliance was a magnificent achievement in containing Soviet power. But the Soviet Union no longer exists, and the proposed expansion of NATO is a bad and dangerous idea for many reasons. Here are six of them:

• There is no clear and present danger to justify it. Indeed there is not even a proximate danger. To expand a military alliance in such circumstances is a provocative act, the sort of behavior that in the past has led to a world of armed camps. As former Senator Sam Nunn has warned, expansion is likely to create the very danger it is supposed to prevent.

• Expanding NATO violates the wise principle enunciated by Winston Churchill: "In victory, magnanimity." Churchill was no softy, but he recognized the stupidity of grinding the face of a defeated foe in the dirt. Less than ten years ago, Russia still had superpower status. Currently, its economy is in free fall, its military is a shambles, the life expectancy of its male population is at a Third World level. Russia is no threat, is not capable of purposeful and serious military action. But if humiliated further and made desperate, it could be dangerous in the way that a wounded animal can be dangerous—and it still has an enormous arsenal of nuclear weapons. In such circumstances, providing extreme elements in Russia with a cause they can exploit is playing with fire.

• There is every reason to believe that in assuming vast new responsibilities for the security of additional members, NATO's existing European members are not serious. After all, they have all reduced their defense budgets substantially in recent years, which is not what states usually do when they are increasing their security commitments. And their recent record in Bosnia and Albania does not suggest a serious willingness to fight in East-Central Europe. There is in fact a long record of bluff and irresolution associated with the history of European "guarantees," and the consequences have been unfortunate. (The last time Britain and France offered to guarantee the frontiers of Czechoslovakia was at Munich in 1938.)

• In the United States, NATO's leader, little public support exists for extending security commitments that cannot be

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***Muravchik** continued*

most favorable to these ends is a gradual expansion of NATO with no predetermined limit on membership.

This summer, Poland, Hungary, and the Czech Republic will join NATO. Nine more states have applied. Fifteen others have joined the Partnership for Peace, a framework for states that want to formalize cooperative relationships with NATO. PFP members are assisted in developing the training, command, and communications systems that will enable them to participate jointly with NATO members in a variety of missions, such as peacekeeping in Bosnia. Finally, a special consultative mechanism has been created between NATO and Russia. A parallel one with Ukraine will establish a security relationship without giving Russia reason for fear.

This may sound like a Rube Goldberg machine, but great vehicles of statecraft need not look streamlined, so long as they are pointed in the right direction. Europe's security blueprint must remain a work-in-progress as post-Soviet polities take form.

Membership in NATO will have a powerful psychological impact on those admitted. It will signify acceptance into the club of free, secure, and prosperous states. This will strengthen democratic and free-market institutions. It will have a similar effect on those hoping to get in. NATO has set forth criteria for entry that include democracy, economic and political stability, and the absence of border or internal ethnic conflicts. These requirements have already had a salutary effect on the aspirants. For example, Hungary and Romania, and Hungary and Slovakia, have formally resolved long-standing disputes.

But should American boys die for Budapest, Prague, or Gdansk? Actually, any scenario that put these places at risk would entail conflict of a magnitude that would almost surely embroil the United States anyway. The effect of NATO expansion is to make such a scenario vastly less likely.

Won't NATO expansion also antagonize Russia? To a degree, yes, but this has already been softened by the newly agreed consultative mechanism and can be mitigated further by maintaining that Russia, too, is not excluded from eligibility if it comes to meet the membership criteria. Moreover, there may be a greater problem with Russia if NATO does *not* expand. The old NATO is by definition an instrument of the Cold War: Its sole purpose was defense against the Soviet Union, which must now mean against Russia. Only an evolving NATO, which means one whose composition is changing, can grow into something other than an anti-Russian alliance.

Most of the arguments against NATO expansion boil down to arguments against NATO's continued existence, even though NATO has given Europe the longest peace it has enjoyed perhaps ever. To discard it would be utter folly. But to preserve it we must allow it to grow and adapt to new realities.

Joshua Muravchik, a resident scholar at the American Enterprise Institute, is author of The Imperative of American Leadership *and* Exporting Democracy.

***Harries** continued*

clearly justified in terms of vital national interests. Extending NATO guarantees to regions that the United States was not prepared to fight for even at the height of the Cold War cannot be so justified. Further, the American people are in a budget-cutting mood, and, whatever is claimed now, NATO expansion is sure to be very expensive. Americans also have a strong aversion to suffering significant casualties in overseas ventures—and to the extent that NATO's commitments are taken seriously, the prospect of eventual casualties is real.

• While one of the principal motives for expanding NATO is to give the alliance a new sense of purpose and relevance after the Cold War, in reality the expansion is virtually certain to weaken—perhaps even destroy—the alliance. It will involve lowering standards of military performance to accommodate new members with Warsaw Pact equipment, forces, and mindsets (and very limited military budgets). It will result in the distortion of force structures to accommodate new roles. And it is more than likely to cause intramural acrimony and disputes among existing members, as they react variously to the complicated and bitter disputes that still plague Eastern Europe.

EXTENDING NATO GUARANTEES TO A REGION THE U.S. WAS NOT PREPARED TO FIGHT FOR AT THE HEIGHT OF THE COLD WAR IS UNJUSTIFIED.

• After recent negotiations, we now have the lunatic state of affairs in which, to justify expanding NATO to contain Russia, we are virtually making Russia an honorary member of NATO . Large concessions have been made to Moscow by the Clinton administration to placate it and reconcile it to expansion. Many of the most ardent supporters of expansion are dismayed by this, but they have only themselves to blame. They knew from the start that the whole thing was going to be negotiated not by a Metternich or a Bismarck but by Bill Clinton, the man who feels everyone's pain. In this instance he felt Boris Yeltsin's pain and gave away much of the store.

As the weaknesses of the expansionist case—and its costs—become increasingly evident, its supporters are falling back on the intellectually bankrupt argument of last resort: that it is too late to turn back now. It is not. Better to suffer embarrassment and criticism now for abandoning a bad idea rather than suffer the long-term consequences of putting it into effect.

Owen Harries, formerly the Australian Ambassador to UNESCO and senior adviser to Australian Prime Minister Malcolm Fraser, is editor of The National Interest *in Washington D.C.*

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CHASE

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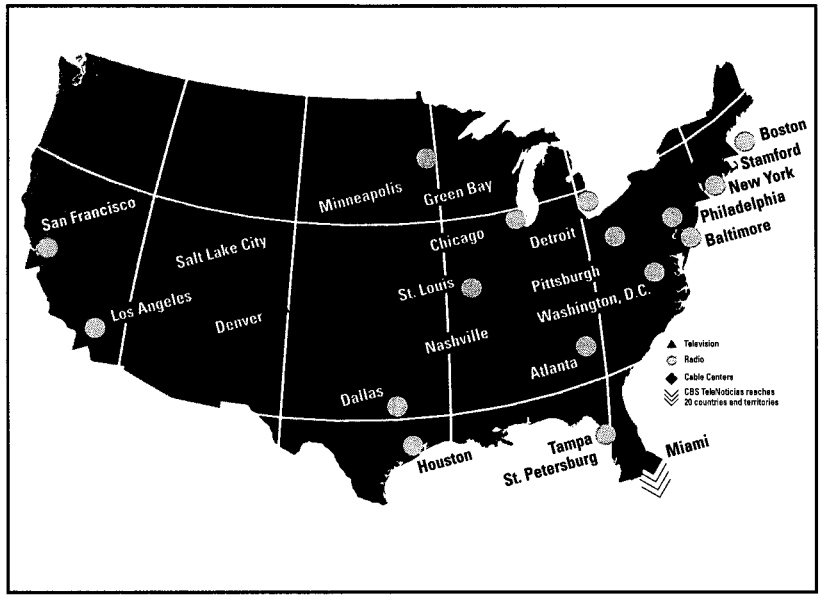

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Mel Karmazin, Chairman and CEO, CBS Radio, Michael H. Jordan, Chairman and CEO, Westinghouse Electric Corporation, Fredric G. Reynolds, Executive Vice President and CFO, Westinghouse Electric Corporation.

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A TOUGH-TALKING, HARD-CHARGING CAPITALIST EXPLAINS THE TRUTH AND BEAUTY OF BUSINESS—WITH APOLOGIES TO NO ONE.

T.J. Rodgers

Illustration by Lucinda S. Levine

T.J. Rodgers is a socialist's nightmare. Former Dartmouth football player, holder of a doctorate in electrical engineering, he is founder and CEO *of Cypress Semiconductor Corporation in Silicon Valley. With his pointed criticisms of the slack, the staid, and the subsidized, Rodgers has enraged and delighted industry watchers. Perhaps his most outrageous—some say inspired—act was the six-page response he recently sent to a Philadelphia nun who had admonished him about "corporate responsibility." In it he called her views "immoral." Financial journalist Michael Robinson interviewed T.J. Rodgers for* The American Enterprise *at Cypress headquarters in San Jose, California.*

TAE: Is life better or worse in Silicon Valley today than when you started Cypress?

RODGERS: It's better, by a lot. Our standard of living has increased much more rapidly than the standard of living in the United States. Here, the technology revolution is so overwhelming that it can push against the dark forces that are pinching the American dream in other parts of the country.

We have free-market capitalism here. Not because we understand it or cherish it or the CEOs in the Valley are real capitalists—many of them are not. The real reason is that technology changes so rapidly that the changing of the guard forces free-market competition.

TAE: Has technology really improved our lives? Are we better off as humans as a result of technology?

RODGERS: I am. The average person in San Jose that earns $42,000 a year is. Ask somebody who lives in Milwaukee and earns $20,000 a year if the person who earns $42,000 a year is better off or not. Or ask the person in Bangkok who earns 85 cents an hour.

TAE: As you sit in your office today, the fax machine is going, you're being paged, you're getting an e-mail, and you've got three windows open on your computer.

Most big businessmen in the United States are not capitalists at all.

RODGERS: If you choose to. If you choose to. Actually, I don't have any windows open because I use MS-DOS, because I don't like windows and I don't like mice. I don't accept faxes during the day for the same reason that I don't read junk mail. And I don't like e-mail because it's like junk mail. The fact that the conveniences exist doesn't mean that you are obliged to be annoyed by them.

TAE: One of the famous science-fiction writers recently said, "Forget the Internet. Stop playing, and get your work done."

RODGERS: If you ask me if a lot of these gadgets are as valuable as they're touted to be, the answer is "No." I will never be an electronic slave.

I don't believe that the personal computer has created the productivity improvement that it might have. Once you get beyond the word processor and the spreadsheet, the utility of the personal computer drops off very quickly.

It's nice to, say, automate your check-writing process. But it's not a clear improvement over somebody who efficiently lays out his bills, writes checks, puts them in envelopes, and drops them in their mailbox.

There is a tremendous amount of technology in video games, and as far as I'm concerned they're garbage. Yet, if you look at the technology underneath, we're talking extraordinarily high-performance, 32-bit, 64-bit microprocessors with tremendous calculation capabilities, able to do graphics at extraordinary rates. Advanced games literally have more computing power than the Manhattan Project had.

On the other hand, people pay billions of dollars for video games, indicating they like them. And who am I to say that the market's wrong and I'm right?

The Internet is hyped beyond belief. It is, at best, a very crude communication mechanism in its current form. As the technology catches up and provides true high-speed communication from every home to every other home in the world, it will be a revolution.

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TAE: Do you have a political label? Some of your views could be called libertarian.

RODGERS: I call myself a libertarian Republican. I like what the Republicans say—though often don't do—about lower taxes and smaller government. I don't like the fact that the Republican Party has decided to legislate my sex life for me. I can take care of that myself.

TAE: Do you have a Cypress lobbyist in Washington?

RODGERS: Of course not! Washington's a black hole. You send money into it. It burns half your money. And then, after burning half your money, the other half comes back in the form of a political pork-barrel.

The loser's game is to send your squealers to Washington to see if they can get a bigger piece of the pork than the other guys' squealers. I refuse to participate in it.

TAE: Do you aspire to hold political office?

RODGERS: Two years ago, Tom Campbell, current Silicon Valley congressman, called me and asked if I would consider running for Congress against Norm Mineta, pork-barrel Democrat par excellence.

I called Tom back and said, "We have a mid-sized Silicon Valley company. We're worth $1.2 billion. We've created a few dozen millionaires. We create astounding technology. We make chips with over 10 million transistors on them today. And we pay $100 million a year to our people, which supports a whole lot of families, houses, cars, college educations, what-have-you. That is more good than any congressman does, ever." So for me to go from wealth-creator to wealth-redistributor: I would become depressed, probably suicidal.

TAE: Some of that redistribution goes to big American corporations. What's an example of wasteful corporate welfare?

RODGERS: Pretty much any example you'd want to name. In my own industry, take Sematech, the chip-making consortium. The federal government budgeted a billion dollars and probably spent $750 million before it pulled the plug on Sematech—a subsidy to some of the richest corporations in the world. For the $750 million, the benefit was probably a tenth of that. It's a classic government program: producing a dime's worth of value for every dollar spent, if you're lucky.

We at Cypress were actually prevented from getting access to a state-of-the-art piece of wafer-making equipment because Sematech had signed a contract with a company preventing all non-Sematech members in the United States semiconductor industry from getting access. So here we had money taken from the taxpayer to "save" the American semiconductor industry from the Japanese being used by a few companies who lobbied well to attack the rest of the American semiconductor industry, including my company. It was a disaster.

The loser's game is to send your squealers to Washington to see if they can get a bigger piece of the pork than the other guys' squealers. I refuse to participate.

Other giveaways: advertising Gallo wines and Sunkist oranges in Europe and paying for the Madison Avenue bills from the federal coffers. Clinton's Advanced Technology Program: stupid, stupid. DARPA [Defense Advanced Research Projects Agency]—mostly stupid programs.

TAE: You guys benefited from DARPA, didn't you? You have components in "smart weapons."

RODGERS: We make military chips. We make them by investing our own money to make chips that the military wants.

Now, to be honest with you, DARPA funded approximately two-thirds of the cost of my own Ph.D. in electrical engineering at Stanford. And when I said DARPA is mostly wasted, I was responding specifically to your corporate welfare comment. DARPA currently dumps a bunch of money into Stanford. And dumb DARPA projects at Stanford I view totally differently from dumb DARPA projects at corporations.

For this reason: If the government funds a project at Cypress, which one will it be? One that I wasn't willing to fund. Why wasn't I willing to fund it? Because the likely return on investment stunk. But if you're willing to give me free money, then I'll put some money in losers because, you know, one out of ten might work. That's your dime on the dollar coming back again.

But I'm a whole lot less concerned whether university research is economically dead-on, creates value, can be sold, can be commercialized. When I was getting my Ph.D. I worked on several things, a couple of which weren't all that economically important. But when I got done after five years, I knew how to make silicon wafers. I knew how transistors worked mathematically. And I knew how to hook transistors together in circuits to make chips.

I came out having value. Working on that DARPA contract turned me into a state-of-the-art semiconductor Ph.D.

TAE: You favor more subsidies for research universities?

RODGERS: Well, if you ask where will we be in 20 years if the supply of state-of-the-art new graduates is cut off, the answer is we'll be a Third World country. So if we all agree that education of our young people is a priority, then there's only one other question: why don't indi-

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viduals pay for their own education? And that is a reasonable debate.

But if you agree, for example, we should have armed forces to protect us, I'm prepared to pay some taxes to go into education to guarantee the integrity of the educational institution. So I don't have a problem with investing. That is a true investment, not Gore-Clinton-style government "investment."

TAE: What about funding the arts? What about subsidizing film makers? Or farm subsidies?

RODGERS: There is no reason for subsidy to the arts. The arts that matter have always been able to pay their own way, either through sales and tickets or charity. The artists we're supporting are ones who wouldn't make it in the real world.

There's absolutely no reason for us to be subsidizing farming. Food production in the United States has gone up forever, monotonically. The percentage of our population required to feed the rest of us has gone down to 2 percent. We should just turn it loose.

TAE: You have a Ph.D., so obviously you're a big believer in education. But there was a time in Silicon Valley when you could be a college dropout and make it.

RODGERS: Still is.

TAE: How would your life have changed if you had dropped out of college instead of getting a doctorate?

RODGERS: Maybe I could be Bill Gates instead of me.

We have several important non-degreed managers within this company. I have two business cards. One has my name, my company, my fax, and my telephone. And the other is what I call my "asshole business card," which has got "T.J. Rodgers, Ph.D." on it. I use it whenever I'm in Europe.

TAE: Well, why did you get the Ph.D.?

RODGERS: Power isn't money. Power is knowledge. And gaining knowledge is gaining power. And gaining knowledge is fundamentally satisfying to me and most people.

TAE: You played football at Dartmouth. Did you learn any lessons that you've transferred from the gridiron into management?

RODGERS: Football's been a big part of my life. I commute to Green Bay and have season tickets. I was on a high-school team which was Wisconsin state champion two years in a row, my junior and senior years. I also go to Stanford games. I don't go to '49ers games, but I watch all of them.

TAE: Is Lombardi one of your role models?

RODGERS: Yes. His super-autocratic style—way beyond me in my most autocratic days—won't cut it in business in the '90's. But his attention to detail, hard work, demanding that you support the objectives of the team as opposed to the objectives of the individual: those things all play right in our environment.

TAE: Do you have moments of self-doubt?

RODGERS: When I was 35 years old, I was driving to work, plotting the downfall of somebody who pissed me off at the office. And I finally said, "Screw it. They're not worth it." I had a revelation that at age 35 I had finally matured. I was going to do what I was going to do; you know the phrase: "Don't let the bastards wear you down."

Yesterday I had a memo from several of our vice presidents that basically attacked me and the company's culture as a base cause for certain problems we have in the company. I read the memo last night, and I went to bed very pissed off. I wrote something last night, and this morning I threw it away. I'm going to go listen to them and work with them, because like my revelation at 35—today I'm 49—I know who I am. I know why they're wrong. I know why they're making the mistake they're making. And I'm going to explain it to them, firmly but not angrily.

If outsiders attack me, Wall Street, I could give a damn. My most important competitors and the guys that run this company are important to me. They're the only ones who could say anything to me that wouldn't be like a ping-pong ball bouncing off a tank.

We were doing poorly in 1992. That was the last time I went through a period of self-doubt. So last night I got angry because I was concerned about going into a period of self-doubt due to criticism from people I care about. This morning I realized, I'm not there; I understand what I'm doing, where I'm going, and why I'm doing it.

TAE: Do you have a favorite author?

RODGERS: Ayn Rand. Do you see that stack of paperbacks over there? That's all Rand. She's the patron saint of capitalism. She and Milton Friedman.

We just finished a two-year course where I brought in a Randian philosopher of capitalism and he lectured the executive staff.

TAE: How healthy is capitalism today?

RODGERS: Most businessmen in the United States, and in particular the *Fortune* 100 types, are not capitalists at all. They don't think like capitalists. They obtained their position the way politicians obtain their position. They had the right constituencies, they built the right bridges, they didn't burn the wrong bridges, and eventually they got elected to run a company that somebody else—typically, somebody greater—invented.

The Internet is, at best, a crude communications mechanism in its current form.

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The true capitalists were the so-called robber barons who helped build America. And the robber barons ceded their wealth poorly to a lot of people who were not capitalists.

Statist CEOs who act more like politicians, who support government-industry cooperation—translation, the pork-barrel system—who don't mind losing control of the assets that they've been entrusted with, who voluntarily divert assets in their corporations to non-wealth-generating causes due to political pressures: they are the enemies of capitalism.

If you look at a true capitalist corporation, it serves its customers, serves its shareholders, and by necessity it serves its employees or it wouldn't exist.

What many corporations are attempting to do today is to get some sort of angle: to wire in benefits from the government or to wire in monopolies—like cable—so that they can own a market and be abusive to their customers. It is those kinds of non-capitalist corporations run by non-capitalist individuals that give us a black eye.

TAE: Are CEO salaries too high?

RODGERS: What I earn is what I think I'm worth and what my shareholders are willing to pay me. And when we cut a voluntary deal on what I'm going to get, screw opinion. It doesn't matter.

TAE: Why do you voluntarily limit your own salary, though? Your company could give you a lot more money per year.

RODGERS: My salary last year was something like 300,000 bucks, putting me well down in the rankings of CEOs and I believe ass-last among CEOs of companies my size in Silicon Valley.

Why do I choose to limit my salary? Because I am a truly capitalist businessman. If I decide to pay myself a salary, as opposed to equity, then let's say I'm going to make $2 million a year. I have some vice presidents today who currently make $150,000 a year. They're going to tell me how grossly underpaid they are relative to me, and how perhaps a five-to-one or three-to-one differential between my salary and theirs is appropriate, but not 15-to-one. What am I going to do? Say, "No, I've decided you're not going to get it. Tough luck"? I'm going to be forced over time, because some of them will resign, to raise their salaries?

So I made a decision a long time ago—not because I'm a good guy trying to limit my salary because high CEO pay is bad—that my own self-interest would be best served by taking a modest salary and relying on my ownership of a fraction of the company for my long-term compensation. That's an entrepreneurial view. That's why Bill Gates is a billionaire.

I own two percent of Cypress's shares, and Cypress is worth, as of this morning, about $1.25 billion. Two percent of $1.25 billion is $25 million. So I'm rich.

If you look at the statist businessman, maybe the Japanese steel company is eating his lunch because they're doing things better and he's refused to. So there is no route to making money with equity for him. The only route is salary. And therefore, if you want money, which everybody does, you pump up your salary.

Are CEO salaries too high? The sky's the limit for entrepreneurs who take a piece of the pie and make the pie worth a lot. A dollar is too much for the statist businessmen who have wrecked some of America's greatest corporations.

TAE: Tell us about your infamous "nun letter."

RODGERS: One Friday night, I got my letter from Sister Gormley, with the signature Xeroxed. It basically says, "We've looked at your annual report and it doesn't have pictures in it, but it looks as if you don't have any minorities or women on your board." Translation: We can't tell for sure, but we think you're all white guys, and we don't like that.

She was very ignorant and arrogant. I figured I'd zap her, and in zapping her use it as a bully pulpit. Well, it went beyond my wildest dreams.

TAE: Page one of the *Wall Street Journal.*

RODGERS: And last week a debate at Stanford between me and Sister Gormley. A friend said, "You realize you can't win by beating up a nun in public." And I said, "Yeah, I know. I'm trying to figure out how to be nice and also flay her." And I did.

TAE: Did you like her as a person? She was no longer a letter.

RODGERS: She means well. She is not smart. She understands nothing about business.

TAE: You feel that her position is immoral?

RODGERS: Absolutely. Putting politically correct demands on business that distract managers and workers from simply achieving the best results possible does immediate damage to all Americans. The kind of business practices she's encouraging would hurt a lot of people, including old nuns who want to eat and be housed reasonably well in their retirement, thanks to investment earnings shared with them by productive business enterprises.

Her methods of investing produce terrible results, reducing wealth and hurting the standard of living of lots of people. I'm in a cutthroat competitive industry. Every person on my board is there because they have special experience or valuable expertise. They've all been where I want to be, and I depend heavily on their advice. If I have to start loading my board with politically correct placeholders, we're going to lose our edge, and our thousands of employees and shareholders are going to be at risk. I won't do that.

TAE: Do you think there is sexism and racism in American corporations?

RODGERS: Sure. There is the sexism of the good ol' boys in some places, and the sexism of the politically correct corporation that feels you have to have one of every race and gender. Each is as bad as the other.

TAE: Would you get rid of affirmative action if you could?

RODGERS: Oh yes. I voted for the California Civil Rights Initiative. My company gave money to support it. Affirmative action, just like welfare, harms those it intends to help.

TAE: Yet you are in favor of immigration?

RODGERS: I support the status quo in immigration, which lets in approximately 900,000 immigrants a year, representing a vital source of new ideas and brain power.

TAE: Your company benefits from legal immigration because you're bringing in electrical engineers from other parts of the world, right?

RODGERS: Yes. The company benefits, but that's not the end of it. America benefits. Because if I lost my immigrants in research and development, for example, I would have to lay off many

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other workers. We create jobs and valuable new products by using the brainpower of immigrant inventors.

Every time I can con, get, hire away, or import a high-quality R&D person, I create an average of seven jobs in our company for native-born Americans, two jobs for other immigrants, and make everybody in this country better off. Our industry would be dramatically weaker if we didn't have immigrants helping drive it.

TAE: Money is your prime motivator?

RODGERS: No. Winning a difficult competition, success, and learning. "State-of-the-art" means you don't know exactly what your product is yet. It means that you make promises to Wall Street on the basis of inventions which you haven't conceived yet, or maybe have conceived but haven't brought to practice. That's a huge intellectual challenge, and it's stimulating.

Those who chase after money rarely have it. Those who drive the bank's BMW and wish they had big bucks almost never get it, because in their shortsighted quest for money they make bad decisions about long-term wealth. If you look at the guys who are really loaded, those are guys who do what they do with drive, because they like it. And in doing that, they naturally create wealth.

I have as much money as I'll ever need. I could dump my Cypress stock, put it in T-bills, and spend every night the rest of my life in a different time zone. But I'm not interested.

TAE: Is Cypress getting too big? Studies have shown that when CEO entrepreneurs get their company to about the billion-dollar level, they're often asked to go do something else.

RODGERS: I've graduated from the start-up phase. I know how to do it. I know how to go to Wall Street. I know how to raise money. I know how to hire people from other companies. I know how to motivate people to work absurd hours. I know how to create a lot of millionaires. And all of that is a tremendous kick.

But I've graduated from that. And to redo that would be like the perpetual graduate student. My new challenge is doing something through other people, as opposed to directly myself, which is a huge change.

CEOs who do successful start-ups tend to be passionate, intelligent, good motivators, and a kick-ass-take-names kind of person, who's also, by the way, a technical Pied Piper in whatever field he or she is in. Prospective employees look at this kind of person and say, "He knows exactly what to do. There is no bureaucracy in this company. We're going to go make stuff. I'm going to make some money. We're going to have fun. We're going to make a name for ourselves."

If you take your smooth politician-CEO from the *Fortune* 100 and give him 10 million bucks and tell him to go kick ass, probably the first thing he'd do is go buy a corporate jet.

Yet, when I look here in Silicon Valley, I see some leaders who have made it all the way through from start-up to big mature company. I will do it, too. It's just the choice of who wants to come along.

IN AN APRIL 1997 COMMENTARY, T.J. RODGERS DEFENDED PROFITS IN THE *NEW YORK TIMES*. SOME EXCERPTS:

In a *Newsweek* cover article that came out just before the recent Volunteer Summit in Philadelphia, Colin Powell said he wanted to "guilt trip" corporate leaders like Jack Welch of General Electric and Bill Gates of Microsoft, whom the article characterized as men motivated by "fear, combined with greed." The story did note that charitable assets in this country have tripled since 1980, but "for reasons having to do more with stock market... than the magnificence of the human spirit."

Apparently, Gates and Welch shouldn't be given credit for the quarter-trillion dollars of wealth they have created for their shareholders (many of them charities), because their motives are not pure.

Critics of corporations should realize that it is precisely the focus on profit that creates wealth—which is in turn the engine of all human improvement and mutual aid. Stockholding charities gain as much as $20 every time General Electric or Microsoft report an additional $1 in profits. For these big capital gains, charitable foundations should cheer on men like Bill Gates and Jack Welch.

Subordinating shareholder value to "social responsibility" invariably cheats both shareholders and society at large. Consider the so-called ethical mutual funds that condition investment on criteria like corporate giving, employee entitlements, and environmentalism. In the last 12 months, the $4.1 billion managed by such funds returned 5.65 percent, as opposed to the 20.65 percent gain of the Standard & Poor 500, according to Lipper Analytical Services. The "ethical" funds thus lost $615 million for their investors in the name of the "higher good."

Yet last year, President Clinton supported a Senate proposal that would have raised taxes by 50 percent on companies not meeting mandated "social responsibility" criteria. The bill is now on hold, but expect it to return, with volunteerism added to the list of responsibilities.

I manage a corporation worth $1.2 billion. My schoolteacher mother's retirement fund owns our stock. A Dartmouth classmate of mine recently wrote me that his son's college fund holds our shares. Chief executives manage their investors' life savings and are morally obliged to do what's best for them, hence Milton Friedman's maxim that the social responsibility of business is to increase profits.

In addition, our business, like millions of others in this country, contributes heavily to local charitable efforts. When good works cease to be voluntary and become compulsory, charity becomes confiscation and freedom becomes servitude.

Philanthropy is a byproduct of wealth, and wealth is best created in free markets whose workings embody fundamental and true moral principles long forgotten in Washington. Let's not let the crowd that gathered in Philadelphia con us into giving it more than the 40 percent of the economy it already controls.

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An American in Africa

By Keith B. Richburg

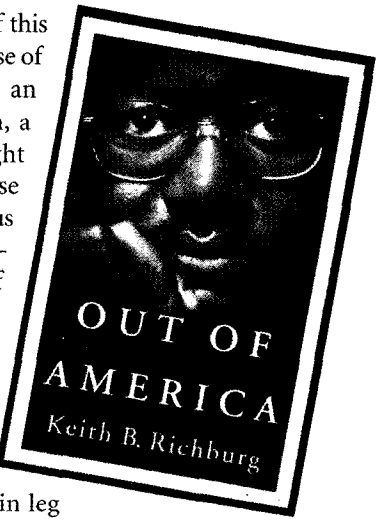
I WATCHED THE DEAD FLOAT DOWN A RIVER IN TANZANIA. IT'S ONE OF THOSE APOCRYPHAL STORIES YOU ALWAYS HEAR COMING OUT OF AFRICA, MEANT TO DEMONSTRATE THE SAVAGERY OF "THE NATIVES." BABIES BEING PULLED OFF THEIR MOTHERS' BACKS AND TOSSED ONTO SPEARS. PREGNANT WOMEN BEING DISEMBOWELED. BODIES BEING TOSSED INTO THE RIVER AND FLOATING DOWNSTREAM. YOU HEARD THEM ALL, BUT NEVER REALLY BELIEVED.

And yet there I was, drenched with sweat under the blistering sun, standing at the Rusumo Falls bridge, watching the bodies float past me. Sometimes they came one by one. Sometimes two or three together. They were bloated now, horribly discolored. Most were naked, or stripped down to their underpants. Sometimes the hands and feet were bound together. Some were missing limbs. And as they went over the falls, a few got stuck together on a little crag, and stayed there flapping against the current, as though they were trying to break free. I couldn't take my eyes off of the body of a baby.

We timed them: a body or two every minute. The Tanzanian border guards told us it had been like that for a couple of days now. These were the victims of the ethnic genocide going on across the border in Rwanda.

For the three long years that I spent covering Africa as a reporter for the *Washington Post* I had to live with images—countless images—like this one. Three years of watching pretty much the worst that human beings can do to one another. Revulsion. Sorrow. Pity at the monumental waste of human life. These sentiments began nagging me soon after I first set foot in Africa in late 1991. It's a gnawing feeling that I was really unable to express out loud until the end, as I was packing my bags to leave, a feeling I felt pained to admit, a sentiment that, when uttered aloud, might come across as callous, even racist.

And yet I know exactly this feeling that haunts me; I've just been too embarrassed to say it. So let me drop the charade and put it as simply as I know how: *There but for the grace of God go I.*



You see, I was seeing all of this horror a bit differently because of the color of my skin. I am an American, but a black man, a descendant of slaves brought from Africa. When I see these nameless, faceless, anonymous bodies washing over a waterfall or piled up on the back of trucks, what I see most is that they look like me.

Maybe 400 or so years ago, one of my ancestors was taken from his village, probably by a local chieftain. He was shackled in leg irons, kept in a holding pen or a dark pit,

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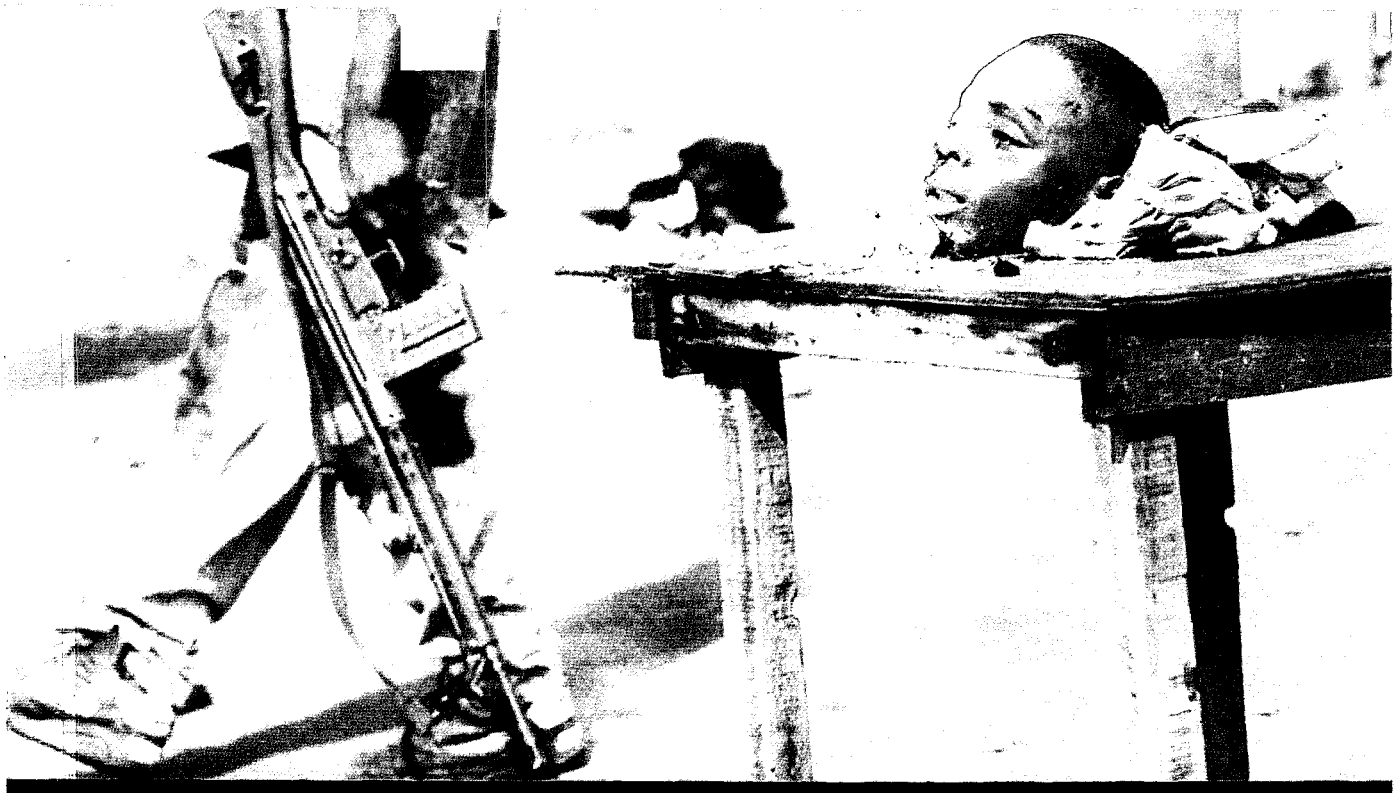

AP Photos/Jean-Marc Bouju

A Liberian soldier walks by an opponent's head on display at a roadblock in downtown Monrovia, May 1996.

possibly at Goree Island off the coast of Senegal. And then he was put in the crowded, filthy cargo hold of a ship for the long and treacherous voyage across the Atlantic to the New World.

Many of the slaves died on that voyage. But not my ancestor. Maybe it was because he was strong, maybe just stubborn, or maybe he had an irrepressible will to live. But he survived, and ended up in slavery working on plantations in the Caribbean. Generations on down the line, one of his descendants was taken to South Carolina. Finally, a more recent descendant, my father, moved to Detroit to find a job in an auto plant during the Second World War.

And so it was that I came to be born in Detroit and that 35 years later, a black man born in white America, I was in Africa, birthplace of my ancestors, standing at the edge of a river not as an African but as an American journalist—a mere spectator watching the bloated bodies of black Africans cascading over a waterfall. And that's when I thought about how, if things had been different, I might have been one of them—or might have met some similar fate in one of the countless ongoing civil wars or tribal clashes on this brutal continent.

We are told by some supposedly enlightened black leaders that white America owes us something because they brought our ancestors over as slaves. And Africa—Mother Africa—is often held up as a black Valhalla, where the descendants of slaves would be welcomed back and where black men and women can walk in true dignity.

Sorry, but I've been there. I've had an AK-47 rammed up my nose. I've seen a cholera epidemic in Zaire, a famine in Somalia, a civil war in Liberia. I've seen cities bombed to near rubble, and other cities reduced to rubble because their leaders let them rot and decay while they spirited away billions of dollars—yes, billions—into overseas bank accounts.

I've also seen heroism, honor, and dignity in Africa, particularly in the stories of ordinary people—brave Africans battling insurmountable odds to publish an independent newspaper, to organize a political party, to teach kids in some rural bush school, and usually just to survive. But even with all the good, my perceptions have been hopelessly skewed by the bad. My tour in Africa coincided with two of the world's worst tragedies—Somalia and Rwanda. I've had friends and colleagues shot, stabbed, beaten to death by mobs, left to bleed to death on a Mogadishu street—one of them beaten so badly in the face that his friends could recognize him only by his hair and his clothes.

So excuse me if I sound cynical, jaded. I'm beaten down, and I'll admit it. And it's Africa that has made me this way. I feel for her suffering, I empathize with her pain, and now, from afar, I still recoil in horror whenever I see yet another television picture of another tribal slaughter, another refugee crisis. But most of all I think: Thank God my ancestor got out, because, now, I am not one of them.

In short, thank God that I am an American.

THE YOUNG MEN with the machetes and the pistols had beer on their breath and murder in their eyes. But it was the dried bloodstains splattered across their filthy T-shirts that sent a cold shiver of fear slicing straight through my gut. It was the blood of their last victims.

We were at a Hutu militia checkpoint in southwestern Rwanda at the height of a campaign of genocide that had already claimed untold hundreds of thousands of lives. Most of the victims were from the Tutsi tribe, but the bodies piling up by

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the roadsides and on the riverbanks also included a fair number of Hutu tribesmen considered Tutsi "sympathizers." For a Hutu, simply sheltering a frightened Tutsi neighbor from the rampaging mobs and militiamen was enough to warrant a machete blow to the head. The other victims were Belgians, hated chiefly because Belgium was the former colonial power here. And that's what these crazed young men at the checkpoint were on the lookout for that day—Tutsi, Tutsi sympathizers, and Belgians.

These were hard-looking young men, and though they had a dazed, faraway look in their eyes, they conducted their search of our car with deadly efficiency—opening backpacks, checking under the seats, even peering inside the gasoline tank. One wore a red, black, and green beret, affixed at the top with a small button bearing the smiling likeness of Juvenal Habyarimana, the Hutu president who had organized these young killers and whose plane, days earlier, had mysteriously exploded in the night sky over the capital city, Kigali. I looked around while our car was being stripped, and I found Habyarimana's likeness everywhere—on buttons, and on the dirty T-shirts splashed with blood.

What I also noticed were the weapons—crude farming tools, really. Machetes and long panga knives, more typically used for clearing brush and chopping firewood than for severing human limbs. There were also big, flat, wooden clubs, smaller at the handle end and rounded at the top. They reminded me of the all-purpose clubs Fred Flintstone and Barney Rubble used to carry. But with one small difference: to make the clubs more deadly on impact, the Hutu militiamen drove long nails into the end. That's what Rwanda has become, I thought. The country has reverted to prehistoric times, to a sick version of Bedrock. Could these be fully evolved humans, carrying clubs and machetes and panga knives and smashing in their neighbors' skulls and chopping off their limbs, and piling up the legs in one pile, and the arms in another, and lumping the bodies all together and sometimes forcing new victims to sit atop the heap while they clubbed them to death, too? No, these must be cavemen.

Nobody knows how many were killed and wounded in Rwanda's bloodbath. Estimates range as high as a million dead. The Khmer Rouge killed more perhaps, but it took them three and a half years, and most of their victims died from starvation, disease, and forced labor. The Hutu militia accomplished almost as much in three months, using decidedly more low-tech methods of extermination.

As I watched the eerie procession of bodies floating down the Kagera River I asked myself, "Who are these people? What are their names? Do they have families? What were they thinking as they were killed?" I remember when I was a summer intern in a U.S. city, covering the night police beat. If a body—a single body—was discovered in the city, the police would find a name, contact a family, determine a cause of death. I remember one murder victim whose corpse was discovered with a severed arm; I got a call from the night editor shouting at me, "Which arm was severed? Right or left?" I went back to the police and found out, because it mattered. But that was in America where every murder victim had a name, an identity, and it mattered how they died. These are just bodies dumped into a river. No one will try to check an identity, contact a family, find out which limb was severed. Because this is Africa, and they don't count the bodies in Africa.

THAT'S WHAT RWANDA HAS BECOME, I THOUGHT. THE COUNTRY HAS REVERTED TO PREHISTORIC TIMES, TO A SICK VERSION OF BEDROCK.

TRIBE REMAINS THE DEFINING FEATURE of almost every African society. Even in the supposedly more sophisticated or developed countries like Kenya, 30 years of independence and "nation building" failed to create any real sense of national identity that could transcend the tribe. In Kenya, the Kikuyu still think the Luo are inferior. The Luo don't trust the Kikuyu, who they think look down on them. And both tribes look down on the Luhya. It goes on and on.

In Kenya I also saw the devastating effects of what can happen when politicians, like Daniel arap Moi and his cronies, are willing to play the "tribal card" and stoke the flames of ethnic animosity for political advantage. I walked through the burned-out town of Enoupukio, after it was raided by Masai warriors driving out Kikuyu who they believed had settled on traditional Masai grazing land. It looked like a war zone after a major battle, which, in a way, I suppose it was. Not a single house or shop was left standing. Even two churches were stripped of everything except a few pews. Kikuyu refugees who had fled the town told me how the Masai who had once been their neighbors suddenly swooped down on the town with guns and machetes and spears. One woman named Loyce Majiru told me how she had to flee with her nine children, and how she looked back and saw the body of a neighbor on the side of the road, naked, with his head chopped off.

And this was Kenya, a major tourist destination and a country long considered one of the more "stable" in Africa.

These things are not discussed outside of Africa, particu-

Rwandan refugees confront a Zairean soldier at a border b

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larly among the Africanists and Western academics for whom the very term "tribe" is anathema. The preferred term is "ethnic group" because it's considered less racially laden. But Africans themselves talk of their "tribes," and they warn of the potential for tribal explosion.

In Byumba, Rwanda, behind the Tutsi rebel lines, there is a hospital where we met some survivors of the massacre. One is a woman named Rose Kayumba.

She is very tall and thin, a quite striking woman. She tells me about ethnic attitudes and about growing up as a Tutsi in Rwanda. With their narrow noses and sharp features, the Tutsi were considered the physically attractive tribe, though they had lost political power to the Hutus. Even with growing wealth and power, what the Hutu really aspired to was to look like a Tutsi, to actually become a Tutsi. An old Rwandan joke asks, What's the first thing a Hutu gets when he becomes wealthy? A Mercedes-Benz. What's the second thing? A Tutsi wife.

Rose, who is about my age, remembers her elderly grandmother admonishing her as a child never to play with the small, dark, and flat-nosed Hutu children in the neighborhood because they were beneath her. When the killing started in Rwanda, it was orchestrated by militia cells in the villages that systematically went door to door. But many Hutu did not need to be egged on to pick up their machetes. They would cross the road and slash to death the Tutsi family living in the hut nearby.

As Rose explains all this to me in a remote town in northern Rwanda, I am taken back to a place very different but eerily familiar. I am no longer in Byumba but in Detroit. I am the small child, and it is not a grandmother but my own father and my relatives I am hearing.

"Don't you go out there playing with those black kids down the street. They're no good." They were "no good" because they didn't own their home; they rented. Because they stayed out on their porch until all hours of the night playing the radio too loud and disturbing the peace of the neighborhood. Because when they walked down the block, they wore worn-out house shoes and curlers in their hair. Because the boys shouted "Yo', motherf*****" at each other, and you could hear them a block away. Because they were black—dark black, just-up-from-the-South black, backwoods black, and no good.

Black people in Detroit described each other in subtle gradations of complexion—there were "high yellow niggers" and "redbones." These distinctions mattered. Those were the days when, as my father recently recalled, "If you called somebody black, you had to be ready to fight him." Good black people in those days called themselves "colored."

And so my parents drummed it into me, much the same way Rose's parents and grandparents drummed it into her, that black people like us—we were the South Carolina, west-side blacks—were different from the blacks over on the east side. Don't go across Woodward Avenue, we were warned. The blacks over there are Alabama blacks, hard and bitter. They cuss loud in public. They let their places go down. They eat pigs' feet and more often than not have a dozen relatives all "just up from Alabama" packed into a few tiny rooms.

Sure, these were all stereotypes, based not on reality but on the psyches of those who told the stories. But for me, a black man growing up in America, these divisions were once very, very real—as real as the tribal divisions Rose Kayumba described for me there in that abandoned church complex under the moonlight in Byumba.

SIERRA LEONE IS WRACKED BY CHRONIC INSTABILITY. A long-running civil war has made parts of the country impassable, and in 1992, a cocky, 20-something army captain, Valentine Strasser, toppled the incumbent president and became Africa's latest, youngest dictator.

I got to see Strasser about a year later in Libreville, the capital of the small, oil-rich central African state of Gabon. The occasion was a summit meeting between Africans and African-Americans organized by the Reverend Louis Sullivan, the veteran civil-rights campaigner and anti-apartheid activist who had authored the "Sullivan Principles" outlining fair employment practices for U.S. firms doing business in apartheid-era South Africa. The summit brought together some of the most prominent luminaries from the American civil-rights establishment—including Coretta Scott King, Andrew Young, Jesse Jackson, Louis Farrakhan, and Douglas Wilder.

When Strasser entered the meeting hall, sporting his now-trademark sunglasses and his camouflage battle fatigues, the crowd of mostly middle- and upper-class black Americans went wild with cheering, swooning from the women, some hoots, and frenzied applause. Sitting in that hall, you might be forgiven for thinking Strasser was a music celebrity instead of a puny boy-dictator. These black Americans were obviously more impressed with the macho military image Strasser cut than with the fact that he represents all that is wrong with Africa—military thugs who take power and thwart the continent's fledgling efforts to move toward democracy. The chanting and hooting was a disgusting display, and to me it highlighted the complete ignorance about Africa among America's so-called black elite.

Weird things happen to a lot of American black leaders when they venture into Africa. They go through a bizarre metamorphosis when they set foot on the continent of their ancestors. Some of the most prominent veterans of America's civil-rights wars—articulate advocates for human rights and basic freedoms for black people in America—enter a moral and intellectual black box when they get to Africa. Dictators are hailed as statesmen, unrepresentative governments are deemed democratic, corrupt regimes are praised for having fought off colonialism and brought about "development." Black Americans who called vocally for immediate democratic reform in South Africa become defensive, nervous, and inarticulate when the subject turns to the lack of democracy and human rights elsewhere in Africa.

It's as if repression comes only in white.

I asked Doug Wilder, Virginia's first black governor since Reconstruction, about democracy in black Africa. "We cannot and should not force them to undergo a metamorphosis in seconds," he replied. "Our job is not to interfere, and to understand that there is a difference from what they are accustomed to."

Interesting. Imagine a conversation about South Africa around 1980, where a white governor of a southern state says of the apartheid regime, "We cannot and should not force them to undergo a metamorphosis in seconds.... Our job is not to interfere." That white politician would immediately be branded a racist, and probably by no less a personage than Doug Wilder.

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AFRICA IS OFTEN HELD UP AS A BLACK VALHALLA. SORRY, BUT I'VE BEEN THERE.

ONCE, WHILE ON A TRIP TO SENEGAL, I took the ferry boat over to Goree Island, just off the Atlantic coast. In the 17th and 18th centuries, Goree was the main transit point for African slaves heading to America. They were brought there from the African interior and held in small, cavelike, eight-by-six-foot cement cells, 15 or 20 per cell. And there they stayed until the cargo ships were ready for loading, and then some 20 million able-bodied Africans, chained at the neck and at the ankles, made their final passage into slavery through a small door, down a wooden plank, and on to the New World.

Joseph Ndiaye, the director of the slave house museum at Goree, keeps an inscription book for visitors to write their impressions. I spent more than an hour there, flipping through the book, jotting down some of the comments in my notebook.

"Yes, mother, I have returned—440 years-plus later," wrote a black woman who came here from Sacramento. "I felt the presence of my ancestors and I know why we are a strong people. Black I will always be. Mother Africa I love you."

"I have come home, and I pledge to myself, this will never happen again," wrote another.

"I'm just a born-again African," said a Brooklyn native.

And from this angry black woman, who left no home address: "The only language white people understand is the gun. I will supply the weapons for revolution. It is the only way black people will be free."

It went on and on. Some of the tributes were moving, some poetic, some angry. For many black Americans who had come across the Atlantic, this trip was a near-religious pilgrimage.

I felt disturbed as I stood there. I shuddered slightly, reading the various comments in the inscription book. I, too, had come to Goree hoping to feel that same kind of spiritual connection, to find some emotional frame of reference. And I tried to make myself feel something that simply wouldn't come.

I felt distant, apart. I felt revulsion at the horrendous crime of slavery—sort of the same feeling I had experienced years earlier, as a student backpacker in Europe, when I visited the Auschwitz concentration camp. It was just like that, really; a reminder of a past atrocity, and one that must not be forgotten. But as I stood there I thought about all the other evils I had seen around Africa. And then I thought: Would I have been better off if this great tragedy, this crime of slavery, had not occurred? What would my life be like now? Would I be standing here now as a journalist with my notebook in hand and a camera slung over my shoulder?

And then I stopped, because I started hating myself for what I was thinking, what I was about to think. Those questions cut straight to the heart of what had been troubling me ever since I had set foot here in the land of my ancestors. But the answers were so unspeakable, so unthinkable, really, that I closed my eyes and literally forced the entire train of thought out of my head. I didn't want to think my own thoughts.

I should have come to Goree long ago, I decided then. Yes, that was my problem. Back in my youth, that is when I should have come. Because then I would likely have come from the other direction, from across the Atlantic, from America, and my head would have been empty of the sights and sounds now swirling around there. Then I, too, would have added my inscription to the book, paid my own moving tribute to those who had passed here before me. And I would have gone back home, to America, and my soul would have been left pure.

But it was too late now. I had come to Goree from the East, from the darkness, and I had already seen way too much of Mother Africa, and what I had seen had already made me sick.

And I left there that day wondering how I could ever be whole again.

AFRICA. BIRTHPLACE OF CIVILIZATION. My ancestral homeland. I came here thinking I might find a little bit of that missing piece of myself. But Africa chewed me up and spit me back out again. It took out a machete and slashed into my brain the images that have become my nightmares. I close my eyes now and I am staring at a young woman atop a pile of corpses. I see an old man on the side of the road imploring me for a last drop of water before he dies in the dirt. I see my friends surrounded by an angry mob as they try to fend off the stones that rain down to crush their skulls. I see the grotesquely charred body of a young man set on fire. I see a church altar desecrated by the blood of the dead, and bullet holes forming a halo around Christ's likeness on the cross. There is a child, smiling at me, while he aims his loaded grenade launcher at my passing car.

My eyes snap open, but I remain frightened of these ghosts that I know are out there, in the darkness, in Africa. I tried my best to get to know this place, to know the people. But instead I am sitting here alone in my house in Nairobi, frightened, staring into the blackness of the African night. It's quiet outside and I'm feeling scared and lonely. I am surrounded by a high fence and protected by two large dogs. I have a paid security guard patrolling the perimeter, a silent alarm system, and a large metal door with a sliding bolt that I keep firmly closed, all to prevent Africa from sneaking across my front yard and bashing in my brains with a panga knife for the 200 dollars and change I keep in my top desk drawer.

It wasn't supposed to turn out this way. I really did come here with an open mind, wanting to love the place, love the people. I would love to end this journey now on a high note, to see hope amid the chaos. I'd love to talk about the smiles of the African people, their generosity and perseverance, their love of life, their music and dance, their respect for elders, their sense of family and community. I could point out the seeds of democracy, the formation of a "civil society," the emergence of an urban middle class, the establishment of independent institutions, and the rule of law. I wish I could end my story this way, but it would all be a lie.

How can anyone talk about democracy and constitutions and the rule of law in places where paramilitary security forces firebomb the offices of opposition newspapers? Where entire villages get burned down and thousands of people made homeless because of competing political loyalties? Where whole chunks of countries are under the sway of armed guerrillas? Where superstition runs so deep a politician can be arrested and charged with casting magic spells over poor villagers?

Maybe if I had never set foot here, I could celebrate my own blackness, my "African-ness." But while "Afrocentrism" has

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A Somali mother tries to shield her children from a blast.

become fashionable for many black Americans searching for identity, I know it cannot work for me. I have been here, I have lived here and seen Africa in all its horror. I know now that I am a stranger here. I am an American, a black American, and I feel no connection to this strange and violent place.

You see? I just wrote "black American." I couldn't even bring myself to write "African-American." It's a phrase that, for me, doesn't roll naturally off the tongue: "African-American." Is that what we really are? Is there anything really "African" left in the descendants of those original slaves who made that torturous journey across the Atlantic? Are white Americans whose ancestors sailed west across the same ocean as long ago as the slaves still considered "English-Americans" or "Dutch-Americans"?

I do not hate Africa or the Africans. What I hate is the senseless brutality, the waste of human life. I hate the unfairness, the injustice, the way repressive systems strip decent people of their dignity. I hate the way my driver in Somalia passes a starving woman on the roadside and will not stop to let me give her a bottle of water. I hate the kids swaggering outside the gates of the feeding center with machine guns on their shoulders, thrashing the old people waiting in line for a handful of gruel. I hate the Big Man who forces the entire government, the entire diplomatic community, to line up on a red carpet at the airport tarmac under a scorching sun to see him off on a foreign trip. I hate the dictator's information officer, sitting in his hot, airless office with no electricity, lecturing me about how "the whites" have brought his country to ruin. I hate the immigration clerk at the dusty border outpost who is officiously studying my passport he's holding in one hand while the other hand is stretched out, waiting for a bribe.

Perhaps more than all that, I hate this maddening propensity of Africans to wallow in their own suffering, to simply roll over when kicked, and to express unswerving faith that some outside force, some divine intervention, will bring deliverance from their misery.

I know now that while I can walk anonymously down the streets of Nairobi or Lagos or Kinshasa or Khartoum, while I can pass through the sea of black faces and remain unnoticed, I am not one of them. I see the people, but I cannot see what lies beyond their blank stares. True, my ancestors came from this place, and these are my distant cousins. But a chasm has opened up, a chasm of 400 years and 10,000 miles. Nothing in my own past, nothing in my upbringing, has instilled in me any sense of what it must be like to be an African. Malcolm X said we black people in America are more African than American, but I don't feel it.

There is more, something far deeper, something that I am ashamed to admit: I don't want to be from this place. There are some photographs I have kept, clipped out of one of the local English-language newspapers, saved for a possible story that I never got around to writing. One, taken in a Nairobi slum not far from my home, shows a boy lying flat on his back, being held down by a mob, screaming with terror. One of his hands has been chopped off. An older man is standing over him, gleefully holding what looks like a giant meat cleaver. The older man with the weapon is smiling, preparing to drop down hard and chop off the other hand. The caption explains that this boy has been caught stealing, and the crowd is now imposing street justice. I became fixated first on the boy's screaming face, but then on the faces of the crowd in the background; they are all laughing and smiling. And I ask myself, what on earth could these people possibly be thinking?

How could anyone stand by and laugh at such torture? How can a human being find glee in another person's agony? And this was not Rwanda or Somalia or Liberia, where I might have expected such callous inhumanity. This was Nairobi, supposedly one of the most modern capitals of black Africa. And these scenes were happening within walking distance of my own home.

How could I possibly relate to these Africans, when we are separated by such a wide gulf of culture and background and emotion and sensitivity? How could I ever understand what is going through the minds of the people, average people, who would stand in the background and smile in the face of such suffering?

And what frightens me most of all is that these smiling people in the photographs look just like me. Had my ancestor not made it out of here, I might have ended up there in that crowd, smiling gleefully, while a man with a cleaver cuts off the hands of a thief. Or maybe I would have been one of those bodies, arms and legs bound together, washing over the waterfall in Tanzania. Or maybe my son would have been set ablaze by soldiers. Or I would be limping now from the torture I received in some rancid police cell.

And then maybe I would be thinking: How lucky those black Americans are! And so, In my darkest heart here on this pitch-black African night, I am quietly celebrating the passage of my ancestor who made it out.

It's been said time and again that nothing makes you appreciate your own country like traveling away from it, and America has been like that for me. I see the flaws, I curse the intolerance, I recoil from the racial and ethnic tensions. And I become infuriated at the often mindless political debate that never seems to cut deeper than the crispest sound bite. But even with all that—maybe because of it—I recognize that it's the only place I truly belong. It's home.

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ENEMY OF THE PEOPLE

How the ACLU harms Americans

THE ACLU HURTS POOR PEOPLE

By Jonetta Rose Barras

Artensa Randolph, wheelchair-bound and in her late 70s, had had enough. Each day, she and other residents of Chicago public housing faced well-organized gangs with arsenals larger than the police department's. Their high-rise buildings were battlefields where warring factions engaged in fierce territorial clashes, jockeying to dominate the drug trade. Randolph and her neighbors were defenseless against the persistent assaults; a few residents had died—innocent victims caught in the crossfire.

Then the Chicago Public Housing Authority came to the rescue: It decided to conduct random, unannounced drug and gun sweeps, hoping to capture the perpetrators who were turning neighborhoods into hell-holes and apartments into prisons. "Everything was going along well; it was working," recalls Randolph. Then in 1994 the Chicago chapter of the American Civil Liberties Union (ACLU) stepped in. With a handful of tenants as their official cover, the organization filed a class action lawsuit to stop the sweeps.

The ACLU insisted the sweeps constituted a violation of the Constitution's Fourth Amendment, which forbids unreasonable searches and seizures. Never mind that Randolph and others were hostages in their own homes. The ACLU, while claiming to represent all 144,000 Chicago public housing residents, hadn't talked with any of the members of Randolph's group (which included most of the tenant council presidents) before filing its suit. Now, in addition to the gangs, local residents had another enemy to fight—the ACLU.

"How can you talk about the Fourth Amendment when bullets are whizzing around your head?" asks Father George Clements, a former public housing tenant who served as priest at the Holy Angels Church on Chicago's South Side for 23 years before taking over a Washington, D.C.-based organization called One Church, One Addict. "It is the height of arrogance to take on the role of being the messiah for the downtrodden when you yourself are divorced from those people," says Clements, noting that not one of the ACLU interveners lived in public housing.

But the ACLU's lethally patronizing intrusion found an ally: U.S. District Judge Wayne Anderson, who blocked the sweeps. The Chicago Public Housing Authority was required to issue advance notice to gang leaders and their supporters before they could search their apartments, and the perpetrators were allowed the luxury to "just say no." Randolph and her neighbors lost the war.

"The ACLU didn't do us any justice," says Randolph. In the time since the sweeps were halted, things have gone from bad to unbearable. Earlier this year an 11-year-old girl was raped and beaten beyond recognition in the hallway of her public housing building, prompting a renewed national call for increasing crime prevention activities in public housing complexes. Randolph says tenants are now begging for the Illinois state government to send in the National Guard.

Chicago isn't the only place where the ACLU has foiled citizen efforts under a zealot's banner of protecting the Constitution and the Bill of Rights. From New York to Houston, Washington, D.C. to California, and Miami to Detroit, the ACLU doubles as the en-

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emy of poor communities attempting to restore civility to their neighborhoods, values to their schools, and standards of decency to society in general.

The ACLU has litigated aggressively to derail citizen campaigns in many cities in favor of teen curfews. It has repeatedly frustrated efforts by low-income parents to allow prayer in schools. It has blocked measures to introduce the teaching of abstinence into sex education classes. It opposes laws aimed at reducing unruly and aggressive panhandling. It brings down its powerful legal hammer on efforts to restrict the pornography business. It struggles everywhere to save mankind from religion. The ACLU has blocked initiatives designed to get disruptive students out of classrooms, sued to get thousands of criminals released from prison, and obstructed efforts to push drugs out of schools and off the streets.

Nearly every solution developed by local residents or governments to attack today's grave inner-city social ills has come under ACLU assault—ironically in the name of protecting minority rights. The ACLU regularly attacks anti-crime measures, for instance, on the grounds that they are racist. Never mind that poor inner-city Americans are the primary victims of the social disorder ACLU efforts have exacerbated.

The ACLU "does some absolutely wonderful things," says Jamin Raskin, associate dean at American University's law school in Washington, D.C., touting the group's work against police brutality and for the protection of government whistleblowers. "But then it does some completely mysterious, borderline insane things."

William Donohue, the author of two books on the organization, including *The Twilight of Liberty*, says the ACLU presses an "extremist interpretation" of individual rights and thereby "corrupts the social foundations that freedom depends upon. He also notes that the organization has drifted into an endless list of left-wing projects like the National Abortion Rights Project, the Children's Rights Project, and Prison Rights Project. The ACLU may soon need a civil liberties project to deal with its basic mission, Donohue jokes.

Doug Hess, a lawyer with the left-wing group ACORN (the Association of Community Organizations for Reform Now), suggests that civil liberties defenders like the ACLU should be more democratic and responsive to public needs. "The community needs to be the architect," he suggests. "Legal professionals should be technicians to help us get where we want to be."

But while many citizens and their elected officials are willing to limit their freedom if it means a better society, the ACLU will countenance no compromise on "individual rights." In this way, they exacerbating the narcissism that runs rampant in America.

"Individual rights may be the cornerstone of liberal democracy, but the proper exercise of rights is limited within the parameters of society," says Donohue. Society isn't an "aggregation of individuals" but rather a "constellation of groups defined by moral boundaries. And moral boundaries require steady reinforcement."

But wherever families, schools, neighbors, or local governments have sought to intervene to protect the social and moral fabric of society, the ACLU has often erected impenetrable barricades. Consider events in Miami. Miami Urban League head T. Willard Fair says that after noticing dramatic deterioration in African-American neighborhoods like Liberty City, his group launched an initiative that aimed to restore order and good values to local neighborhoods and schools. "We can't sit around on a pity pot and feel sorry for ourselves," says Fair. "There is nothing to stop us from changing our lives but ourselves."

Unfortunately, there was one other obstacle: the ACLU. A curfew law pushed by Fair and others successfully withstood an ACLU challenge. Then local residents requested and received approval to install permanent barriers in certain neighborhoods. "It wasn't to keep the drug dealers in, but to keep the buyers out," says Fair. "We noticed

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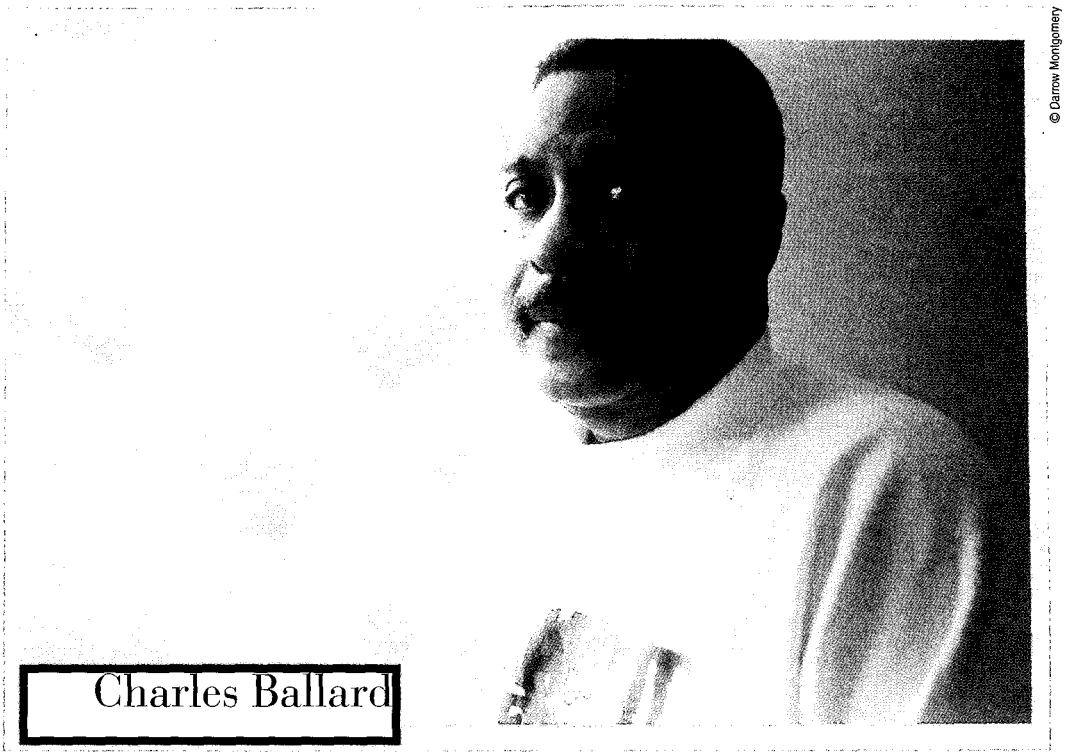
that some of the buyers come from as far away as West Palm Beach." When the ACLU objected, says Fair, "I told them when it's in your neighborhood, we think your position might change. We had to do something; people are being held hostage in their community."

A similar feeling of urgency drove hundreds of Washington, D.C. residents to push for a curfew law and a citizen-initiative to return prayer to the city's public schools. Both efforts were eventually killed by the ACLU. In the case of the curfew, the ACLU claimed it was acting in the interests of minority teenagers—even though 70 percent of the District's black teens supported a nighttime curfew.

"The ACLU is hurting our children," says Charles Ballard, the leader of the school prayer effort in the District of Columbia. In 1994 Ballard was joined by 400 Bible-thumping black men and women, who transformed a bureaucratic chamber where the local elections board was hearing testimony on the initiative into a surrogate Sunday meeting. "It was my way of getting a little morality back in the school system," explains Ballard.



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Charles Ballard

THE ACLU'S REPEATED STYMIEING OF THE TRANSFORMATIONS SO DESPERATELY NEEDED IN POOR COMMUNITIES TODAY HAS FRUSTRATED MANY CITY-DWELLING AFRICAN AMERICANS.

Another D.C. resident who testified that day, David Gilmore, stated that African Americans were witnessing an unprecedented rise in bedlam in their communities and their children's schools. If God can't help us, Gilmore suggested, no one can. Then he turned a glaring spotlight on something that much of the audience was already mumbling about: The ACLU and other lawyers against the prayer initiative were all white.

In Chicago, in Miami, in Washington, D.C., the low-income groups sponsoring initiatives against community disorder had all formed coalitions with other racial and ethnic groups to sponsor their legislation, initiatives, or projects. But nearly always their ACLU opposition was all white. And who suffered each time the ACLU defeated the citizen initiatives? Principally poor African Americans.

I call them the "A-C-to-Hell-with-You," says Gregory Kane, a black columnist at the *Baltimore Sun.* Others are also critical of ACLU hypocrisy. "They're a bunch of white middle-class people who live in some sort of fantasy world where the actual lives of other people really don't have anything to do with them," charges Bryce Suderow, a white Washingtonian who publishes a magazine about city life called *Street Stories.* "Their interests seem to be antithetical to that of poor people," he continues. "They're interested in keeping things essentially the way they are."

When ACLU officials are told that average Americans pursuing social reforms in low-income communities often feel as if the organization is treating them like terrorists come to destroy democracy, the officials say they are simply protecting the Constitution and the Bill of Rights. These documents, in many respects, are more sacred than human life and an orderly society, suggest ACLU lawyers.

"If you allow individual rights to be eroded you're going to wind up in a country which is much less free," says Arthur Spitzer, an ACLU legal director. Unabashedly endorsing his organization's preference for individual rights even when an entire community is being offered on the altar, Spitzer could serve as ACLU poster boy. "The ACLU is not here to support the wishes of the majority," he asserts. "The purpose of the Bill of Rights was to set limits on what the democratic majority could do."

This interpretation of what the founders of our country had in mind ignores obvious historical realities, however. The Constitution's framers and other early Americans acted swiftly against criminals. They believed in prayer, and practiced it wherever and whenever they gathered—including, at one critical point, the convention that drafted the Constitution. And wholesale deterioration of a community caused by any one individual or group was never tolerated. "It's a sociologically illiterate model," Donohue says of the ACLU's "atomistic" approach to protecting the Bill of Rights and Constitution. He says the organization refuses to look at "anything contextually."

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"The ACLU has played the Bill of Rights like an accordion, expanding and compressing its various clauses until it got the music it wanted," complains writer Joseph Sobran. He identifies two favorite ACLU causes: shifting power from states and local communities to the federal judiciary, and destroying laws and public initiatives based in Christian morality. Threats to freedom that don't fit its pet interests, he says, are ignored. "The ACLU has never seen the growth of federal power as a threat to individual freedom. It has rarely tried to protect private property. It sees no threat to freedom in allowing the government to control education."

Roger Conner, executive director of the Center for the Community Interest, complains that the ACLU ignores all threats to liberty and justice that don't fit its private definition of freedom. On an $850,000 annual budget, Conner's group battles the much more well-heeled ACLU across the country. It has lent assistance to Randolph and Fair, and is now helping a group in New York fighting the encroachment of pornography into their neighborhood. "Until we came along, the ACLU was controlling the agenda, and citizens fighting to change their communities weren't even in the courtroom," says Conner.

None of us who is black wants to see the denial of any significant individual rights in this country. But African Americans have witnessed tumultuous pillaging in their communities over the last generation. Many are no longer willing to just sit by idly as individuals run rampant, killing their children, ravaging their neighborhoods, and systematically stripping community institutions of their moral core.

Speaking at his inauguration as the new chief of the NAACP, former Congressman Kweisi Mfume framed the dilemma clearly: "If we learned nothing else over the last 30 years it is that the poor must not be maintained, they must be transformed."

Sometimes, transformation requires seemingly radical measures: teen curfew laws, prayer in the schools, curbs on panhandling, community notification at the release of violent criminals (particularly sex offenders), zoning limits on pornography and sex-related businesses, drug testing of applicants at certain apartment complexes, and so forth.

As William Donohue puts it, "Not even the cause of liberties—noble as it is—can always be permitted to override the common good. Not, at least, if freedom is to be preserved."

The ACLU's repeated stymieing of the transformations so desperately needed in poor communities today has frustrated many city-dwelling African Americans. They are hard pressed to understand how an organization that purports to celebrate liberty and freedom so often fails to understand that they too are fighting for those causes, except under the label of "freedom for all" instead of the ACLU's narrow individual rights platform.

Chicago's Artensa Randolph has lots of company today when she argues that "The ACLU is always on the opposite side of the people. It's just not for anything that's good."

Washington, D.C. writer Jonetta Rose Barras wrote about school vouchers for The American Enterprise *in the September/October 1996 issue.*

THE ACLU BLOCKS COMMON SENSE AND FREEDOM

By Ted Rueter

The fundraising letter had impressive testimonials. Chief Justice Earl Warren had said that the American Civil Liberties Union "stood foursquare against the recurring tirades of hysteria that from time to time threaten freedoms everywhere." Senator Adlai Stevenson was "glad the ACLU gets indignant, and I hope this will always be so." President Kennedy had commented that "our nation needs the services of organizations who will remain vigilant in defense of our principles."

So why I am unwilling to become a "card-carrying member" of the ACLU? Me—a Clinton liberal, who organized antiwar demonstrations in junior high, who was a full-time summer volunteer for the 1972 McGovern campaign at the age of 15, who has voted for more socialists than Republicans, who spent ten years in Madison, Wisconsin?

The reason is simple. The contemporary ACLU embraces an extremely radical vision of "civil liberties." Since the great civil rights struggles appear to be over, the ACLU has turned its attention to trivia and nonsense. The great challenge of the late 1990s is to rebuild civil society, not to expand "liberties" without regard to their social consequences.

Take the recent example where the ACLU went to court in Long Beach, California, to block a new school uniform rule. The organization charged that the city's poor can't afford to purchase uniforms. ACLU president Nadine Strossen called school uniforms "enforced conformity."

What the ACLU somehow missed is that school uniforms actually *save* the poor money by eliminating the pressure to purchase expensive designer clothes, and that the Long Beach school district had committed itself to providing uniforms to any child needing one. More broadly, school uniforms have proven beneficial to students and society alike. In Long Beach, district officials report that fights, assault and battery, sex offenses, and robbery have all declined since the introduction of uniforms. Attendance has improved.

The ACLU also applies its *reductio ad absurdum* interpretation of the Constitution's equal protection clause to teen curfews. The president of a local ACLU chapter argues that "a curfew is not only an inappropriate instrument for dealing with young people, it is also an unconstitutional affront."

The ACLU tried to block San Diego's 11:00 P.M. teen curfew on the grounds that it would prohibit teenagers from attending a midnight Mass or late evening political rally. Judge Marilyn Huff noted, however, that the San Diego law has an exemption specifically allowing teens to be on the streets after 11:00 P.M. if they are engaged in political or religious activity. But the ACLU was more concerned with protecting its absurd interpretation of constitutional principles than with the community's legitimate interest in reducing crime.

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THE ACLU EMBRACES A RADICAL VISION OF CIVIL LIBERTIES. EXPANDING "LIBERTIES" WITHOUT REGARD TO THEIR SOCIAL CONSEQUENCES IS NOT WHAT'S NEEDED IN THE 1990S.

Similarly, the ACLU has a socially irresponsible position on single-sex public schools. It was the lead opponent of the Virginia Military Institute. It has fought fiercely against specially designed single-gender schools elsewhere. In 1996, the New York City school district proposed an experimental public junior high school for girls, called the East Harlem Young Women's Leadership School. The school was intended to emphasize math and science and to allow young girls to attend school in an environment free of sexual pressures. As soon as the proposal was announced, Norman Siegel, the executive director of the New York Civil Liberties Union, wrote to the chancellor demanding that the school not open.

The ACLU also takes the concept of privacy, not even mentioned in the Constitution, to extremes. Because of a threatened lawsuit by the ACLU in 1996, students in Pennsylvania no longer have to take showers after gym class. More gravely, the ACLU has fought uniform HIV testing for newborns. While testing a baby for the AIDS-causing virus can prevent an unnecessary death, the ACLU claims such measures are an invasion of the mother's privacy. Writer Nat Hentoff, a former member of the ACLU's national board, resigned his membership to protest the organization's stance on this question.

Metal detectors in schools are also an invasion of privacy according to the ACLU. The danger is real: a reported 135,000 children come to school each day with guns. The Southern California chapter of the ACLU even opposes expelling students caught carrying guns, however. They argue that expulsions may consign students "to a life even more disadvantaged than it might have been otherwise."

There are many other examples of the ACLU's radical individualism regarding privacy. They oppose drug testing for high school athletes. They obstruct drug searches in schools, prisons, and apartment buildings. They fight metal detectors at airports. They resist restraints on child pornography. They tie up in court anti-loitering ordinances aimed at reducing drug dealing.

The ACLU also has a bizarre interpretation of free speech. In 1994, a public school teacher in New York City was suspended for openly advocating sex with young boys. The ACLU claimed that the teacher, a member of the North American Man/Boy Love Association, was being denied his free speech rights. Apparently, for the ACLU, any form of individual expression supercedes the interests of the community.

The same principle applies to red-light zones. New York Mayor Guiliani has undertaken a largely successful effort to rid Times Square of nude bars, peep shows, and massage parlors, consistent with the "broken windows" thesis which finds that physical deterioration and unruliness in a neighborhood are a precursor to crime. "The Guiliani administration is trying to impose its morality on the rest of us," complained the ACLU's Siegel.

ACLU president Nadine Strossen, in her book, *Defending Pornography: Free Speech, Sex, and the Fight for Women's Rights*, extols the virtues of nude dancing. She quotes a letter from "Karen," a New York City stripper who is also "a first-year law student at one of the top law schools in the country." According to Karen:

> Exotic dancing has been tremendously liberating for me. The first time I ever got up on stage and took off my clothes, I was terrified. But at some point I crossed a line after which I left forever a lifetime of feeling self-conscious about my naked body; left behind all the baggage of sexual inhibition civilized society had impressed upon me.... For the woman who has crossed that line and embraced the taboo, she feels instead the thrill of empowerment.

Strossen's approving quotation of this passage demonstrates a woeful ignorance of the realities of the sex trade. While there is no doubt that some strippers find the experience exhilarating, it is a fact that many have been enmeshed in drug habits or sexual abuse. It is also true that strip clubs are linked to organized crime, prostitution, narcotics use, and declining property values. Municipalities are well within their rights to impose restrictions on such establishments.

And what is the ACLU's interpretation of the "establishment clause" of the First Amendment? The ACLU seems to believe that the Constitution provides Americans with freedom from religion, rather than freedom of religion. In one current case, the ACLU is insisting that a carving of the Ten Commandments be removed from an Alabama courtroom.

In another strange case, the ACLU went on the offensive against a high school biology teacher in a Pittsburgh-area school district who dared to utter the word *God*. The teacher, Warren Kooi, states that his lecture presented alternatives to scientists' explanation of man emerging from the primordial ooze. "What I was trying to do was lay out the facts, and let them decide for themselves," he says.

The ACLU's extremism leads it to oppose any policies which it presumes to be in any way religiously based. In 1988, the California ACLU lobbied against a sex education bill in the state Senate on these grounds: "It is our position that teaching that monogamous, heterosexual intercourse within marriage is a traditional American value is an unconstitutional establishment of a religious doctrine in public schools."

Contemporary America is no longer beset by poll taxes, strip searches, censorship, all-white juries, Bull Connor's dogs, or "separate but equal." Our new agenda is a crisis of gangs, welfare dependency, illegitimacy, red-light districts, AIDS, and divorce.

The preamble to our Constitution speaks of serving "a more perfect union," "a common defense," and "the general welfare." The ACLU, meanwhile, is committed to an extreme interpretation of the Bill of Rights and a radical individualism that is contrary to the public good.

Ted Rueter is the author of The Politics of Race.

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New drug approval has taken a big step forward.

Patients need Congress and the White House to take the next critical step.

Legislation passed in 1992 has been getting life-saving drugs to patients sooner. But this landmark progress is threatened by Administration-proposed funding cuts that could drastically increase the time patients would have to wait for new medicines. A few months may not seem like a long wait, but for those who are seriously ill it could mean a lifetime.

Restore FDA funding.

American Medical Association
Physicians dedicated to the health of America

ASSOCIATION OF AMERICAN MEDICAL COLLEGES

National Medical Association

NATIONAL HEALTH COUNCIL

PhRMA
Pharmaceutical Research and Manufacturers of America

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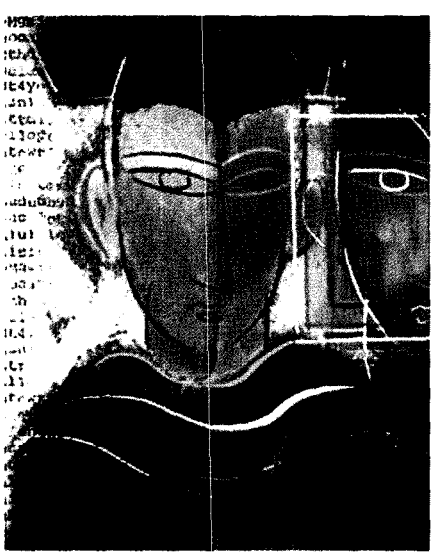
Generation X Does Business

By Richard Miniter

If you want to understand the new generation, you can e-mail Robert Guldi. The co-founder of Digital House, a booming new media company based in Washington, D.C., Guldi is one step ahead of the competition and perfectly in sync with the generation that is re-writing the rules of American business and politics.



At Digital House everything is "virtual"—except for the money. His headquarters is a bank of computers in a small rented office he refers to as the "war room." He has no conference room. He and his partner, Jon Ulrich, meet clients in their offices. "Technology is the biggest equalizer in history," says Guldi, who uses his computer to provide impressive-looking letterhead, invoices, business cards, brochures, and even answer his phones. "With a little money and a lot of brains, technology allows a lot of people to be competitive. On the World Wide Web, anybody can look as good as Coca-Cola or Walt Disney."

Guldi, now 32, should know. He worked at both Disney's studio and its theme park division in California before leaving to start his own business. He jumped off the corporate career track and into the roller coaster of business ownership, he says, because "that's where you can really be creative."

Millions of other Americans in their twenties and early thirties are following in Guldi's foot steps—ditching safe corporate jobs, putting their faith in themselves and in technology, and charging into the wildcatting world of capitalism. In the process, Guldi's Generation X is creating a new kind of generation gap.

Men and women born between 1961 and 1981 are starting businesses at younger ages and in greater numbers than their predecessors. Twenty percent of all small business owners are between the ages of 25 and 34 today, according to an April 1996 report from the Small Business Administration. Fully 10 percent of Americans in that 25 to 34 age group are involved in their own business—about three times as high a start-up rate as any other age group, according to a 1995 Babson College study.

The number of young business owners will continue to grow. More than 60 percent of Boston-area 18-to-24-year-olds say they would like to own their own business in the next five years, according to a recent study by the Young Entrepreneurs Network. At the national level, 38 percent of college students surveyed by the Roper Organization said that owning one's own business is the best route to success. Major business schools report that nearly one-third of their students plan to start their own businesses, up from roughly 10 percent five years ago.

College students are demanding more courses in entrepreneurship. The number of universities that provide degree programs for entrepreneurs has grown to more than 400 in 1996, up from just 16 in 1970. There are some 171 endowed chairs of entrepreneurship, nine times the number in 1980. To put these numbers in perspective, consider that there are only 292 accredited graduate schools of business in the United States. "The demand for these courses is growing several times faster than the U.S. economy,"

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says University of St. Louis Business School Professor Jerome Katz, who has been tracking the growth of entrepreneur courses for more than a decade.

Contrary to their popular image as "slackers," the new generation may be one of America's most energetic. The 27-year-old founder of *P.O.V.* magazine, Drew Massey, hates the characterizations of his generation as unmotivated. Gen Xers "are creating companies, creating value.... There's a huge renaissance of entrepreneurialism going on."

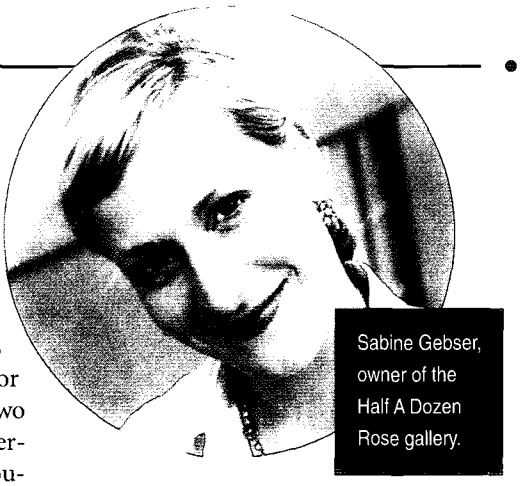
Why the sudden surge in entrepreneurship? Part of the answer is plain-old economic self-interest. "They've seen the layoffs at the big corporations and asked themselves, 'Is that what I really want to do?'" says Richard Bright, director of marketing for the Alexandria, Virginia-based Young Entrepreneurs Organization (YEO). YEO has stiff membership requirements: members must be under 40 years old and own or control enterprises that have annual sales in excess of $1 million. Its growth is a testament to the current successes of young people starting businesses. Membership has been climbing by nearly 50 percent per year over the last three years and now stands at about 1,300. "We've just scratched the surface," says Bright, pointing out that there are more than 5,000 business owners in Manhattan alone who are eligible to join.

William Strauss, co-author with Neil Howe of books on generational politics, points out that Gen Xers "have had to develop powerful survival skills." They grew up, Howe notes, as latch-key kids and victims of divorce, and were left to maneuver their way through the failing bureaucracies of their public schools and local government. The only positive aspect of this trauma is that the children who came out in one piece do know how to make it on their own.

Many Generation X Americans have a kind of psychological dualism that often exists in entrepreneurs: They tend to be more hopeful about their own futures than that of the country as a whole. In a recent *Fortune* survey, 89 percent of Americans under the age of 34 were optimistic about their own career and financial prospects over the next ten years. Yet 55 percent of the respondents were pessimistic about the prospects for the nation generally. "Clearly there are two battling, maybe mutually exclusive, perceptions at play: personal optimism coupled with institutional cynicism," says Richard Thau, executive director of Third Millennium, a non-profit membership group for the under-35 set. Simply put, Generation X believes they will be better off if they take care of themselves—a view that leads many to business ownership. Other signs of self-reliance, even among Gen Xers who show no inclination toward self-employment, include a recent *USA Today* poll in which an overwhelming 80 percent of people under the age of 35 said they are counting primarily on personal savings, not government programs, to bankroll their retirement.

Generation Xers look at business and government differently than their parents. "Twice as many young people would rather own their own businesses than be a top executive of a large company, and four times as many say they would rather own their own business than hold an important position in politics or government," writes polling expert and *The American Enterprise* editor Karlyn Bowman. Bowman calls this "a new ethic of self-reliance."

As for politics, many Gen Xers are "almost pure libertarians," says Thau, who describes himself as an "extreme moderate." Magazine publisher Massey describes the entrepreneurial drive among his generation as "pure Ayn Rand," though he says that the best-selling libertarian author was a "minimal influence" in his own life. One of the reasons younger Americans disdain government, Thau says, is that they are used to speed: fast modems, fast cash, fast travel. "Government doesn't react rapidly," he deadpans. "Government seems increasingly unable to respond to their needs; so they tune it out." Among people aged 18 to 24 today, 78 percent disagree with the statement: "Government can generally be trusted to look after our interests," according to Louis Harris surveys.



Sabine Gebser, owner of the Half A Dozen Rose gallery.

Mary and Stephanie Abbajay were both working for the government when they decided to go into business. Mary, now 32, worked for the District of Columbia City Council while Stephanie, now 31, soldiered on in the Bush Administration. Then Mary wrote a business plan, found a vacant store front, and convinced a few friends to lend her and her sister some money. Combined with their savings, they had about $75,000. Mary and her future husband did most of the work to turn the vacant building into the Toledo Lounge, "a hip beer and burger place." Getting city permits "was a nightmare," Mary says. Her city council connections only meant that "we got our liquor license in exactly the amount of time you're *supposed* to get it, no sooner." She adds, cynically, "I can't imagine anyone else getting their permits on time without a high-priced lawyer."

The Abbajay sisters made a profit almost from the first day they were open and paid off all of their loans in the first eight months. "The thrill of the business was starting it," Mary says.

The Generation X entrepreneurial boom is not limited to the suburban cyber-savvy or well-connected young professional set. All throughout this generation, ambition is being channeled into new business ventures instead of climbing the corporate ladder or threading a public bureaucracy. Take the case of Manny Soto.

Growing up in Jamaica Plain, Massachusetts, Manny watched his Dominican Republic-born parents rise at 6 A.M. to take the train into Boston to earn the minimum wage sweeping floors and sewing clothes. Like many immigrants, they worked long hours to make ends meet.

Richard Miniter is executive producer of "Enterprising Women," a national weekly radio program featuring women entrepreneurs.

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Though he admired his parents, Manny wanted his life to be different. He began to buy and sell used cars, but he soon found he was making little more than he would working full-time at an entry-level job.

Then he met Ron Wilburn, a 53-year old black business consultant. Ron showed him how to get a business license from the city and helped him secure a line of credit from a local bank. That changed everything. Previously Manny could afford to buy a second car only after he sold a previous one. His inventory turned over slowly, and his earnings were locked up in cars. But with a $50,000 line of credit, he was able to buy more cars at auction and offer his customers a wider selection. That quickened inventory turnover. Manny closed more and more sales and "plowed everything back into the business." An upward spiral began. Manny turned that $50,000 into $896,000 in revenues in the first year. Today Manny's J&M Auto Sales grosses more than $1 million per year, provides jobs for six employees, and has enabled the now-25-year-old owner to buy a two-story town house. "Why work for someone else?" Soto wonders.

Today's young adults often approach even traditionally non-profit ventures as a business. Sabine Gebser was born in East Germany and escaped with her parents on the night of her fourth birthday. She hid in an American diplomat's car as it drove to freedom through Berlin's infamous Checkpoint Charlie in January 1975.

After college, she moved to Los Angeles, where an earthquake left her temporarily homeless. Walking by a vacant art studio that resembled a warehouse, she vowed to open an art gallery of her own. With some earthquake relocation money provided by her former landlord and some money from her parents ("They gave me my dowry," she laughs), she opened Half A Dozen Rose, located at 6 Rose Avenue in Venice, California, steps from the Venice Boardwalk and the curling lip of the Pacific Ocean.

The gallery makes money by receiving a commission on the art it sells, and from renting art works to fashion photographers and movie crews, both of whom pay well. It is a unique merger of art and commerce and one that doesn't give Gebser a moment of doubt. "Of course we want to make money," she says.

Gen Xers look at business and government differently than their parents. They'd rather run their own enterprise than be a top corporate executive or politician.

Her aim is to offer people a very different art gallery experience. "Stuffy galleries killed art," she says. Against great odds, she and partner Philip Lalonde are winning recognition from the art establishment. *Art in America*, the nation's leading contemporary art magazine, has just published a review of a Half A Dozen Rose exhibition, unusual for a small (less than 1,000 square feet) West Coast gallery that has been in existence for less than five years. "We might just be the youngest people and the youngest gallery ever reviewed in *Art in America*," says Gebser.

She and Lalonde are using technology to transform the gallery experience. They are planning to build a giant video screen that will be placed on the wall outside the gallery. Seen from one of the busiest pedestrian streets in America's second largest city, the screen will display the contents of Half A Dozen Rose's Web site. Partners in this effort include Microsoft, ArtCommotion.com, Hollywood Locations, and Lunatic Sportwear.

Gen X expert Strauss explains that this is a typical pattern: Among today's young, "the counter-culture has been replaced by counter-commerce." Generation X "under-prices, over-techs, and out-quicks older generations," he adds.

Seattle is a good place to trace the fault line between the generations. In that rainy metropolis, two free weeklies are battling for circulation along generational lines. The *Seattle Weekly* was started almost two decades ago by 1960s-style hippies, who spend a lot time doing investigative reporting. *The Stranger*, co-founded by its 28-year-old publisher Tim Keck, focuses on humor and night life. Keck denies that the publication even has a political point of view.

A former *Stranger* editor recently told the *Columbia Journalism Review*: "We don't have a political agenda; we don't have baby causes. We're just doing it, and it's for a profit, and that's the whole point of the thing." That is what sets Generation X apart from its elders—an unapologetic interest in success. *P.O.V.* publisher Massey sums up his young business peers this way: "We're sick of people who are not performing whining about this cause or that cause. We are about results."

A new generation gap is forming. Many 1960s protesters saw capitalism as a beast to be caged or tamed. Even today, some baby boomers working within corporations prefer to be ironically detached from their company's bottom line.

Today's under-35 adults, on the other hand, see the free market as a liberating alternative to society's failed, centrally run institutions: big business, big labor, and especially big government. Their view of the economy is a lot like their view of the Internet: It functions best when it is decentralized, rapidly changing, and self-regulating. Attempts at external economic regulation seem like censorship. One software entrepreneur put his generation's message to government simply: "It you *really* want to run my business, why don't you buy it?"

The divide between baby boomers and Gen Xers on economic questions is widening. Boomers push ever more layers of controls and regulations (especially on the Internet), and try to make sure that future generations pay for their retirement. Xers, meanwhile, are quickly developing money and clout.

Will the inter-generational economic war be won by the generation that dodged the draft? Don't bet on it.

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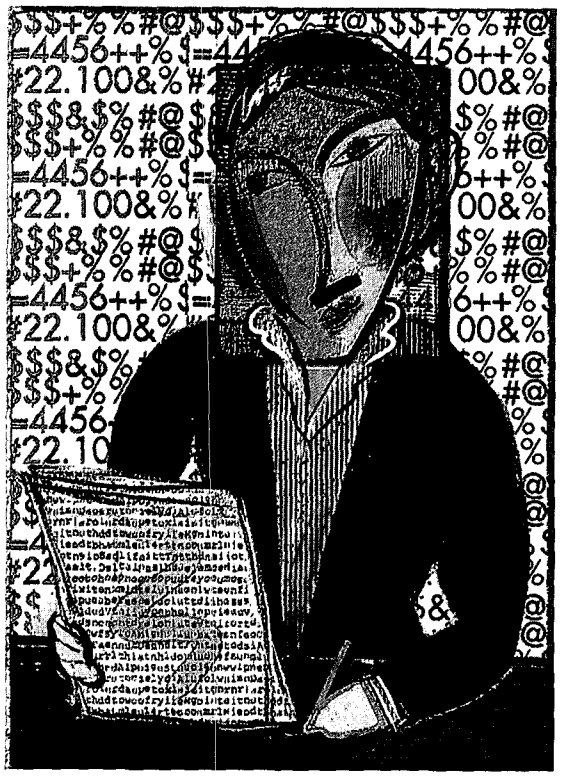
Today's Female Passion for Entrepreneurship



By Barbara DeLollis

Cancer put Kris Beard in business. She lost her right breast, her hair, and life as she knew it five years ago. When she went bra shopping, she discovered the local boutique in Toledo, California that carried prostheses didn't stock the large size she needed. That was odd, she thought, since 80 percent of women who have mastectomies gain weight. Having no patience for special orders, she opened her own shop with a girlfriend.

Beard soon learned she wasn't alone; 20,000 women in the Toledo area had had mastectomies, and they poured into her shop. Four years later, Beard's boutique occupies an entire building. She has seven part-time employees, most of whom are cancer survivors, and business continues to boom. That Special Woman Inc. has won two HMO contracts and is negotiating for a third. What she thought she'd make in a year—$12,500—she made in one month, and store receipts soon returned her initial $25,000 investment. Within two years, she made enough money to buy out her friend.

Getting there wasn't easy, says Beard, a 47-year-old former youth counselor. She recalls the time she was laughed out of the office where she applied for a small business loan. "He told me there wasn't a need for that," she says with a chuckle. "I'm stubborn. So I took the money Dad left me."

Joanne Cornwell started a business called Sister Locks in her San Diego home in 1992. The company grew out of a hair technique she developed based on the ancient art of African hair weaving. She's now in year four of "doing double duty" as a tenured professor at San Diego State University and 20-hour-a-week entrepreneur, operating her business with the help of two sisters.

Cornwell considers herself an unlikely entrepreneur. She was satisfied with her position as chair of her college's Africana Studies program, and took on the business mostly as a contribution to black cultural and economic self-reliance. Then she ran into government roadblocks. California's cosmetology board recognizes only hair straightening techniques, effectively outlawing salons that specialize strictly in hair weaving, a bit of regulatory bureaucracy that Cornwell is now challenging in court with the help of lawyers from Washington, D.C.'s Institute for Justice.

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"Black women are very enterprising," says Cornwell, whose own long locks flow past her shoulders. "The problem is, when you have to do that under the table, you don't have access to business development opportunities. You don't develop the business ethic that is going to be needed to be successful on a larger scale."

In thousands of places between Toledo and San Diego, and in every other region of the U.S., millions of intrepid woman entrepreneurs like Beard and Cornwell are quietly revolutionizing the American business landscape. Motivated by the hope of making a personal contribution to society, the arrival of children or other desire to accommodate work to family life, the irresistible urge to explore a niche market, or an attempt to skirt limits on personal achievement, women are starting more businesses than ever before. Female bosses now employ 35 percent more people than the *Fortune* 500, according to figures compiled by the National Foundation for Women Business Owners and Dun & Bradstreet Information Services.

Of the 4.7 million individually-owned U.S. businesses that had paid employees (other than the owners) in 1994, 35 percent had female ownership—16 percent were owned solely by women, and another 19 percent were owned by women and men jointly. Among firms just being launched, an even higher proportion have female owners, and the rate of female business ownership is in the process of accelerating upward.

When home-based and other small businesses that have no outside employees are counted, there are an estimated 8 million women-owned firms today, generating annual sales of $2.3 trillion and employing 18 million people, according to the foundation. Small businesses are hard to count, and totals can vary a lot depending on what definitions are used over time. But American Enterprise Institute economist Diana Furchtgott-Roth suggests recent growth in female entrepreneurship has been pretty dramatic. In 1982, she estimates, there were about 2.6 million women-owned businesses. By 1987, the number reached 4.1 million, then grew to about 8 million today. And "if you eyeball it, it looks like around the year 2000, it will probably be 9 million or possibly 10 million."

Some observers claim this count is inflated because it includes part-time work done by women holding full-time jobs. But Lindsey Johnson Suddarth, co-CEO of Women Inc., a Sacramento, California nonprofit group that promotes female entrepreneurship, argues "it's not really a misstatement" to count part-time ventures as businesses because often women are saving their paychecks for start-up capital.

That was true of Gayle Ortiz, the founder of Gayle's Bakery, a veritable institution in the Northern California beach town of Capitola. Twenty years ago, she was preparing croissant dough and baking it at home in between waitress shifts. She did that for one year until she'd saved enough money to leverage into a $20,000 loan through her father and a local banker. With the money, Ortiz and her husband opened up a French bakery that has since been remodeled six times and grown into a 10,000-square-foot gourmet palace with $4 million in annual sales.

"I wanted to own my own business and bake. Period," says Ortiz, 47. "I knew I didn't want to be 40 years old and waitressing. My friends liked that lifestyle: plenty of time off and plenty of money. But I knew I wouldn't be happy with myself."

Dr. Deb Cain Good, research coordinator for the National Education Center for Women in Business at Seton Hill College in Greensburg, Pennsylvania, contends there is no reliable way to measure the number of women-owned businesses. Census data are old, she says, and assume that every cleaning lady, tailor, graphics designer, and manicurist reports herself to the IRS. Good adds to the count herself: To accommodate her new role as mother, she works at home as a research consultant in addition to teaching at the University of Pittsburgh. "There are a lot of black-market businesses," Good notes. "They deal in cash, and we don't have a way to count them" or their employees.

After all the statistical static, it's clear that millions of American women are plunging into small business. The U.S. Department of Labor projects that by the year 2000 up to half of all American businesses may have a female owner, a sharp leap from 26 percent in 1980. Joanne Cornwell calls it "a revolution, not from the top down, but from the bottom up."

One of the factors feeding female entrepreneurship today is the sweeping changes in corporate America. Efficiency drives have squeezed hundreds of thousands of secretaries and middle managers out of corporate offices. Many have found

Joanne Cornwell

Barbara DeLollis is a reporter for the Fresno Bee *newspaper in California.*

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a new job by making it for themselves. Another group of corporate refugees are women who refuse to sacrifice their family for a seat in the boardroom. Other women just prefer the opportunities of self-employment to the prospect of working for a big organization.

Sandra Mercado, 26, knew the corporate path was not for her: "I have always wanted to own my own business since I was a kid. I envisioned being president of something." She credits her drive to growing up on welfare, an experience that gave her a severe distaste for dependency and economic stasis. Today, Mercado, a savvy self-promoter, owns Popcorn Paradise Inc., a retail venture with one successful location in Chicago and a second set to open at O'Hare International Airport this summer.

"It's kind of like you were stuck, and after you got stuck you got comfortable. And after you got comfortable, you got lazy," she says of life on welfare. "There are a lot of kids out there who don't want to be stuck on public aid."

Mercado grew up in Chicago's bleak barrios where she had two choices: give up or fight. She chose the latter. Valedictorian of her high school, Mercado was one of just seven out of a class of 300 to attend college. Most of her friends were high school drop-outs who figured they would die young. Many did, victims of drive-by shootings or their own despair. Despite urgings from a guidance counselor to settle for a junior college, Mercado enrolled in and graduated from the University of Illinois.

Mercado's mother raised five children on welfare after her small bridal shop failed and her marriage to an alcoholic ended in divorce. Mercado insists the greatest influence on her life was her grandmother, who emigrated to Chicago from Puerto Rico. Before her death she presented her granddaughter with a recipe book. Among its yellowed pages was a recipe for the caramel popcorn that became the basis for Mercado's venture.

It took Mercado two years of saving her salary and pounding the pavement before she found retail space. "It's harder for a person on public aid to start their own business," she says. Renting a place in a nice area was difficult "because I had no collateral. I had no net worth." On the visit that she had decided would be her last, she met a landlord who took a chance and leased her space in Lincoln Park, an upscale residential neighborhood. But her problems didn't end there. She discovered that there was less foot traffic than expected and that residents had an affinity for fat-free snacks. Mercado immediately altered her shop's hours and grandmother's recipe, substituting soybean oil for coconut oil and an air popper for a greasy kettle.

Today's surge in women-owned businesses is a revolution not from the top down, but from the bottom up.

The obstacles Mercado faced make for a compelling story, one she eagerly exploits as a marketing tool. Last December, she sketched out her personal and business history to corporate gift buyers at Chicago's 40 largest companies in 20,000 letters seeking Christmas orders. She captured 40 takers, some ordering as much as $6,000 worth of flavored popcorn.

The surge of women into their own businesses has spawned a new support industry. Veteran Silicon Valley entrepreneur Marleen McDaniel, who describes herself as an "anti-feminist," jump-started Women's Wire, an on-line service catering to women (http://women.com), in 1994. Women's Wire, whose editorial content ranges from work wardrobes to sexual advice for women entrepreneurs, was the brainchild of another female pioneer in the male-dominated computer field, Ellen Pack, a 31-year-old Ph.D. in computer science. "She sent me her business plan, and I offered to find her financing," McDaniel reports. "At the end of the summer, we received $1.2 million in financing, and I stayed on as CEO." McDaniel eventually landed $7 million in venture capital, fielding ludicrous comments from potential investors along the way.

"I was asked by one guy if I was a lesbian when I was raising money for Women's Wire," McDaniel recalled in the Joint Economic Committee report to Congress. She responded that she was the mother of two children and happily married for 10 years. "We'll get even by being extremely successful. We have plenty of economic power, and we're getting stronger. That is the best form of feminism in my opinion."

Another potential investor said he didn't need a woman-owned business in his portfolio because he already had one. "And he was a friend of mine," McDaniel chuckles. "Although I found those two incidents amusing, I don't take it personally," she says. "It wasn't easy. But I don't think it's easy for men to start businesses either." McDaniel, who also played a role in starting Sun Microsystems, would not say when she expects Wire Networks, a San Mateo, Calif.-based company that operates Women's Wire, to turn a profit.

Sandra McCluskey, 37, grabbed her independence in 1990 after quitting a professional job at the Cato Institute, a Washington, D.C., research organization where she organized conferences for five years. A rabid Francophile, she wanted to start her own Parisian-style café. She spent the summer in Paris, where she apprenticed at a Michelin-star restaurant and studied successful bistros. She started Le Bon Café on Capitol Hill in 1991, selling espresso and French bread. Today, she has captured the Holy Grail of the modern woman: Mother of two

Sandra Mercado

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small children, wife (married to a federal oceanographer), and successful business owner (now expanding into catering). Yet even with a management team she's proud of, McCluskey barely has time to catch her breath, let alone think about her old love, public policy. She's quick to blast Uncle Sam—"taxes are very bad"—and lament over red tape that delayed the opening of her new catering office in Alexandria, Virginia.

The thing McCluskey is seeking most in her business is balance and life satisfaction. "There are a lot of women in the food profession, but really all of the large catering companies are owned by men. Trying to grow and balance everything else, it's tough sometimes," she says. "I've had to set some limits and say this is what I can do and what I can't do. I work a lot. At the same time, I do have freedom and flexibility and am my own boss. It's hard work, but I'm doing what I want to do and I'm not going into jobs I don't like. That means everything in the world to me. It's not money that has motivated me, that's just my end goal. It's more of a concept of business that I want to grow and a product I want to sell people."

Policy makers should be more curious about and attentive to the political implications of stories like McCluskey's, says Frank Gregorsky, a former aide to the U.S. House of Representatives Republican leadership, and now a fellow at the Discovery Institute in Seattle. With women starting companies at twice the rate of the general population—and their businesses gaining economic clout—women business owners are a growing social force. So why isn't anyone paying attention?

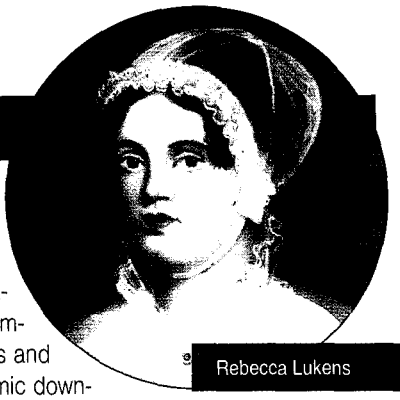
When Gregorsky first noted the surge in women-owned businesses back in the 1980s, he says, "suddenly I flipped. I said, 'This is a great story.' You could be pro-feminist or anti-feminist, but regardless of what your politics are, this is good news for people who favor economic development." He thinks women entrepreneurs are shockingly ignored by Democrats and Republicans alike, as well as the media.

Some businesswomen feel politically homeless. Consider Ortiz, 47, the bakery owner from the Santa Cruz area, a liberal social bubble where strong women dominate the business scene. A long-time Democrat, Ortiz quit the party two years ago, completely disillusioned. "I'm partyless," she says. "No one's getting treated well except for the huge corporations." And in her view that discriminates against women, who she thinks are natural entrepreneurs, "especially on a small-scale. Men wind up building big businesses and women many times tend to stay small, I think, by nature. It's a more nurturing environment."

Ortiz dropped out of politics after her bakery began pumping profits into her pocket. McCluskey now caters political functions that she used to organize, but no longer has much time to consider how government policies affect the business she's growing. Cornwell promotes economic development for African Americans by suing the government to dismantle barriers to business entry.

As Gregorsky has written, "Yes, the typical female entrepreneur is something of a social and economic pioneer— 'taking charge' in ways that earlier generations could hardly contemplate." Yet there are "huge policy gaps between women business owners and the established feminist groups." The result is that there has been very little media or cultural attention to one of the most consequential social developments of our current generation: namely, the feminization of ownership.

Women in Business: The Prequel



Rebecca Lukens

More than a century before "Rosie the Riveter" started welding liberty ships during World War II, Rebecca Lukens was running a major industrial business. Lukens was directing the nation's first major iron works, the Brandywine Iron Mill, in 1825—almost a century before women won the right to vote. Under her management the mill overcame every conceivable obstacle. The first U.S. firm to roll boiler plate, it survived the panic of 1837, paid off its debts, and relentlessly improved the steel-making process. Today, Lukens Inc., the oldest mill in continuous operation in America, is a *Fortune* 500 company with 3,600 employees and over $1 billion in sales.

As Lukens' husband lay dying in the summer of 1825, he asked her to take over their iron works. She was hardly in a good position to do so. Her father and a son had also died recently, and ownership of the iron works was being contested. Burdened by grief and lawsuits, Lukens was also the mother of three young children and pregnant with a fourth. "I must do well for the children," she wrote in her diary. With her children in need of support, Lukens set about the daunting task of running the mill. Untill then, "the iron business had been very poor," she wrote, and the "constant expense in repairing the works" made it "utterly impossible" to support her family.

But "necessity is a stern mistress; and my every want gave me courage," she wrote defiantly in her diary. She steadily upgraded the iron works until in 1834 she could boast that "the mill has been entirely remodeled, and rebuilt from the very foundation." She eliminated the company's debts within nine years and saw it through national economic downturns by having the men repair the furnaces when orders were slack. At times she had to resort to paying her workers in fresh produce and dairy products from her farm. The 1840s brought a new obstacle, railroad tariffs. The tariffs boosted freight rates on the iron ore she had to buy and the steel she sold, which made it harder to feed her workers and furnaces.

Lukens is a reminder that women have been succeeding at business in this country for generations. Perhaps the most fitting tribute to her example came from the dockyards of Panama City, Florida, where in 1944 the liberty ship *Rebecca Lukens* was launched to help fight the Nazis. Nothing could be more appropriate—a steel-hulled ship for an iron-willed woman who knew how to win at free enterprise.

Brendan Miniter is a history student at George Mason and a freelance writer in Fairfax, Virginia.

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Small Business, Big Government & American Prosperity

By Ralph Reiland

Last month, Deputy Treasury Secretary Lawrence Summers, formerly a Harvard economics professor, declared, "When it comes to cutting the estate tax, there is no case other than selfishness." Small business owners and family farmers who've worked double shifts to build up their enterprises have a different view.

For them, the 55 percent federal estate tax represents a major obstacle to the survival of a business from one generation to the next. "It's pure ignorance," says Dan Danner, vice president of the National Federation of Independent Business, the nation's largest small business organization. "It's pretty horrible to imply that small business people who just want to pass their businesses to their children are selfish."

"The estate tax is rooted in the property law of the feudal system, with the premise that you work the land but it's owned by the lord," says Pittsburgh estate planner John C. Ramsey. "Here, the government's the lord." Ramsey tells of a family he knows in the travel business who struggled to sell off half of their assets to pay the estate tax when the husband died so they could keep the business. "The bill was due within 90 days of the funeral."

"Who the devil is being greedy here?," asked Pat Buchanan. "Who is being selfish? The couple that worked and saved a lifetime, or the politicians who did nothing to create the estate but seized half of it at death? The estate tax is the product of men with the mind-set of grave robbers." Rep. John Boehner, chair of the House Republican Conference, suggested that "Summers' comments capture perfectly the arrogance of the liberal elite who believe that government has some right to redistribute the fruits of a life's work."

Unfortunately, Summers' remarks came as no surprise to small business owners, who have become regular targets of we-know-better-than-you elitism from the government and academics. In his book *Vision of the Anointed*, Hoover Institution fellow Thomas Sowell describes a "self-anointed elite," arrogant and ill-informed, that relishes the idea of imposing rules on everyone else today via government. This elite expresses "disdain for the firsthand experiences of millions of people," including their economic decisions via markets. "Those who disagree with the prevailing vision are seen as not merely in error, but in sin"—like the "selfish" offspring who argue the state shouldn't confiscate half of their family business just because their father died.

Small-scale merchants have felt the lash of this self-anointed elite over and over, especially since the Clintons rolled into Washington. Bill Clinton set the tone when accepting the Democratic nomination for his first term, saying, "I have news for the forces of greed and the defenders of the status quo: Your time has come and gone." And he wasn't talking about Little Rock's crooked lawyers and bankers.

Hillary Rodham Clinton followed with her Rube Goldberg healthcare contraption. Referring to the small businesses that her plan would have destroyed, she said, "I can't go out and save every undercapitalized entrepreneur in America." Her verdict on the small businesses who couldn't afford to give 100 percent healthcare coverage to 100 percent of their employees? "Where I come from, free loaders and free riders get no respect." This from a woman who had just arrived from the nation's most expensive public housing, via tax-paid limousine, to speechify and then eat a free lunch. The message from the central planner was loud and clear: Go out of business if you can't pay for our vision.

Earlier, the Clintons tapped Harvard professor Robert Reich to be U.S. Secretary of Labor. In the late 1980s Reich published a book advocating an oxymoronic "collective entrepreneurship." Ignoring the fact that the *Fortune* 500's share of total U.S. employment had fallen nearly in half over the previous twenty years, with small businesses hiring the bulk of the workers set adrift by corporate downsizing, Reich warned against an economy that encourages "individualistic endeavor." Looking back over the '80s, when the number of black businesses nearly doubled to 620,912, when female entrepreneurs alone ended up employing more people than all of the *Fortune* 500 companies combined,

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Reich's reaction was to caution against personal economic opportunism.

"The American myth of the Triumphant Individual may have outlasted its time," declared Reich. "The story of the little guy who works hard, takes risks, believes in himself and eventually earns wealth, fame, and honor," he says, is obsolete. In place of Triumphant Individuals who "buck the odds" with "drive and guts," Reich yearns for a world where bureaucratic businesses operate with "relatively flat structures," "little hierarchy" and "only modest differences in the status and income of senior managers and junior employees." The bottom line? "Success can be measured only in reference to collective results."

"About the Triumphant Individual, Reich is absolutely correct on one thing," says Carmella "Boots" Liberto, president of R. J. Liberto, a commercial solid waste removal company in Pittsburgh. "The workforce we're getting out of today's government schools couldn't triumph over an ant. They know all the four letter words except the word 'work.' I'm getting young guys who come in for a job and take the application out to their cars for their girlfriends or wives to fill out. They can't read and write."

"Reich is so far removed from understanding the needs of business people," says Liberto. "He's like a horse with blinders. I take his word like the word of a man from outer space."

Reich is, in fact, in a different world from Boots. Her business card is a little cardboard garbage truck. She is just the kind of person a Harvard professor teaching one class a semester for three hours each week, pulling down $130,000 per year, has time to write about as selfish and greedy.

"I try to make my business plans for up to five years," Liberto laments, "and the government stays awake 24 hours a day trying to torpedo everything. I can't execute a long run plan with taxes changing, and lawsuits, and especially with the regulations changing."

"President Clinton has embraced an economic model placing government at the center of the economy, rather than entrepreneurs," states Karen Kerrigan, president of the Small Business Survival Committee. "Clinton only believes in government—and more of it. It's the only life he knows."

"They're destroying small business, just as surely as if they set out to do it," says Bea Seigle, owner of Bea Seigle Real Estate in Donegal, Pa. "With the estate tax and capital gains tax, they're stopping business from growing. The kids can't always sell the family business to pay the death taxes, or by the time they pay the taxes the business is capital short and can't survive," Seigle explains. "I think the government wants to close small businesses," asserts Seigle, "and have everything be big business and big labor. Unionized and centrally controlled. We're the ones who cause all the noise about unfair OSHA laws and all the rest."

Before opening her own business, Seigle was a commercial designer. "That ended because of my arm injury," she says, "a skiing accident. I didn't have any feeling in my hand, so I couldn't do my job any longer. I could have gone on the dole or I could have found something to do. I started my own company." A Triumphant Individual.

For Don Hosford, an import broker in Erie, Pa., it isn't only what the government does that annoys him; sometimes it's what government *can't* seem to get itself organized to do. "Every time small business owners get together, one of the first things that comes up is tort reform," says Hosford. "But nothing's happened because the government's filled with lawyers. We've got this whole class of people now, like Bill and Hillary, who don't do anything worthwhile. The lawyers and bureaucrats, they just gather power and money and don't produce anything."

"I got something in the mail this week that said I was part of this class of very aggrieved people because the viewable area of my computer screen was misrepresented by a computer manufacturer," Hosford explains. "The manufacturers settled after the lawyers threatened to take them to court for a bizillion. I'm now entitled to one of two remedies: a $13 rebate on a 'selected' future purchase, or I can get a straight $6. Down in paragraph F, it notes the lawyers are getting $5.8 million. And we wonder what's wrong?"

Winston Churchill once noted that "some see private enterprise as a predatory target to be shot, others as a cow to be milked, but few see it as a sturdy horse pulling the wagon." There is good reason today to think of American small business as a Clydesdale. Make that a large team of Clydesdales.

In their 1994 book *Small Business Job Creation: The Findings and Their Critics,* William Dennis, Bruce Phillips, and Edward Starr write that "It is reasonable to estimate that over the past 25 years, two-thirds of the net new jobs in the private sector originated among small firms." (Here defined as businesses with less than about 90 employees, which account for about half of total private employment.) Because small firms have produced new jobs at a faster rate than large firms over the past two decades, the U.S. is becoming even more of a small business economy, the authors note.

A 1993 study by economists David Birch, Anne Haggerty, and William Parsons tracked firms from 1987 to 1991 to calculate net job creation. It found that "the most productive group, from a new jobs perspective, was the 5-19 employee sized firm.... Second was the 1-4 employee group...followed by the 20-99 employee firms. All firms over 100 employees eliminated more jobs through closings than they created by opening new plants, offices or stores."

Over the period 1991 to 1995, the U.S. Small Business Administration reports, smaller firms starting out with 0-499 employees (the commonest definition of a "small business") created more than 10 million net new jobs. During those same years, U.S. firms with over 500 employees lost 3 million net jobs, for an overall gain of 7 million jobs nationally.

Over other time periods, and in specific sub-regions, the story is the same. In New York City, for instance, small businesses added 96,000 jobs from 1978

Ralph Reiland, associate professor of economics at Robert Morris College and owner of Amel's Restaurant in Pittsburgh, Pa., was an elected delegate to the White House Conference on Small Business in 1995.

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to 1995, while large firms lost 14,000. "Small business is the engine of job growth in New York," says city comptroller Alan Hevesi. Pointing out one of the political implications of this, Irwin Stelzer, director of regulatory studies at the American Enterprise Institute, suggests that "instead of shelling out millions to keep large firms in New York City when they threaten to leave, the mayor should use his limited resources to ease the tax burden on all small businesses. He's likely to get more jobs per dollar spent that way."

Within academic circles, there is debate over the precise role of small business in job creation. If anything, the way some researchers tally the new-job numbers causes them to underestimate small business's importance. In a recent *Slate* magazine article, for instance, economist David Hirschberg proposes crediting new jobs to various firms based on their size at the *end* of a given accounting period, rather than the beginning. Thus, whenever a small business grows large, those jobs are counted as the creation of a large business, not a small one.

The SBA acknowledges that "major deficiencies continue to plague the accurate measurement of job creation." For instance, "new firm births are not recorded on a timely basis.... Temporary workers, working in small firms, are often counted as if they are employed in large firms.... We know little about possible employees of the unincorporated self-employed." Tracking jobs is not easy. Because of the extraordinary business "churn" in our dynamic economy, with enterprises constantly opening and closing, growing and shrinking, Dennis, Phillips, and Starr report that "to add one net new job, American employers created almost ten" between 1988 and 1990. Large businesses created 8.5 million jobs and lost 9.1 million during those years, while small firms created 14.7 million and lost 11.4 million.

Attempting to solve some of the data problems, SBA researchers Robert Berney and Bruce Phillips presented new Census Bureau data in a 1995 report, and concluded that "the best evidence we have for the United States suggests that small businesses are still the primary job generators for the economy."

Missing from the academic nitpicking of job creation numbers is recognition of the tight interdependence today of big and small business. Large firms now rely on small firms to provide computer services, clerical labor, business consulting, printing, cleaning services, component manufacturing, and so forth. Many big companies are also directly dependent on the spending of the nation's small business owners and their employees. IBM's Robin Sternbergh, head of worldwide small and midsize sales, reports that her company's fastest growing sales are to enterprises with under 50 employees. "Small business," she says, "is big business." American Express recently unveiled a new small-business corporate credit card with a $20,000 limit. "Small business is the third largest economy in the world, after the U.S. and Japan," explains Steve Alesio, president of American Express Small Business Services.

Certain critics of small business acknowledge the major role the sector plays in job creation, but argue that the pay scales and quality of work in small business are substandard. Perhaps the simplest refutation of this complaint is the finding that workers at small companies are more satisfied with their jobs than employees at big companies. In a January 1997 Gallup Poll, 44 percent of workers at companies with less than 50 employees said they are "extremely satisfied" with their jobs, compared with just 28 percent at companies with 1,000 or more workers. Employees at small companies are also more likely to feel their jobs are secure, to think they are important to their employer, to feel fairly compensated, and to say they have the materials and equipment needed to do their jobs. Small business employees are also more likely than counterparts at big companies to want to start their own businesses.

If politicians want to help small businesses provide the national economy and individual Americans with their many benefits, there needn't be any mystery as to how they could help. Last year, the National Federation of Independent Business published a survey of 3,471 small business owners. Here, in order of importance, are the top ten complaints:

- Health insurance costs
- Federal income taxes
- Workers' compensation costs
- Unreasonable government regulations
- Social Security taxes
- Property taxes
- Federal paperwork
- State income taxes
- Frequent changes in federal tax laws
- Cash flow

At the bottom of the list of 75 small business problems were: Competition from imports, Obtaining equity capital, Credit rating errors, Shoplifting, Bad checks, and Pilferage. Comparing what America's entrepreneurs now consider their most and least severe problems, it's clear that government has become even a greater threat to business than the traditional bugaboos of aggressive competitors, crafty employees, and crooked customers.

Nearly all great businesses begin as small enterprises, as someone's dream. The task at hand is to stop politicians, bureaucrats, lawyers, tax collectors, and regulators from turning these dreams into nightmares. For small enterprises are vital to the health of our nation. They have also become critical institutions in Americans' pursuit of their private yearnings. "Small business is cool now," says Scott Cook, cofounder of Intuit, a provider of financial software in Mountain View, California. "It wasn't so long ago that our heroes were lawyers or journalists."

That's a message Washington needs to learn. The companies like Intuit that lead today's large and dynamic U.S. computer industry almost all started out as very small businesses just a decade or two ago. The question for our future is whether small businesses will keep growing into successful larger businesses—producing jobs, profits, tax payments, useful products and services, and national income—if they are treated with disdain by the likes of Robert Reich, the Clintons, professor Summers, and today's EEOC, EPA, OSHA and IRS.

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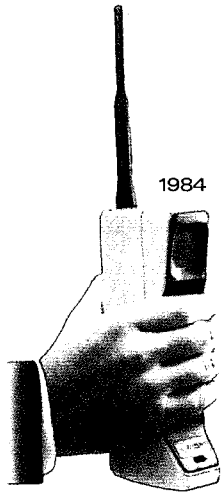
The people who introduced

hand-held wireless communication,



and portable cellular communication,

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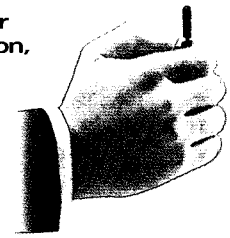
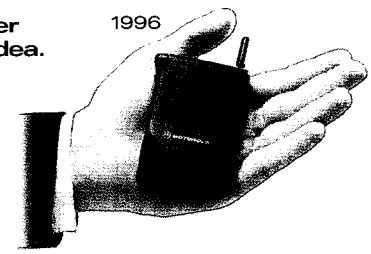


had another little idea.



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How Government Has Created a HIRING HELL For Employers

By Walter K. Olson

The Wall Street Journal reports a boom in seminars on how to fire problem employees. The American Management Association alone holds [illegible] how-to-sack sessions a year, each drawing about [illegible] managers at $145 a pop. One such panel was entitled "How to [illegible] Employees with Attitude Problems"—though the class leader [illegible] disappointed many attendees when he pointed out that [illegible] problem don't necessarily count any more as legal grounds to [illegible] with good luck and careful work, it might take [illegible] the underperforming or insubordinate jobholder.

Managers are often amazed at the questions they're not supposed to ask any more at job interviews. Don't ask whether an applicant grew up in the area; his answer might reveal his national origin. If he mentions that he attended a local college, don't ask when he was there; that would suggest interest in his age, another forbidden category. Asking where he lives might suggest you're trying to evade the ban on considering applicants' credit records. If you learn that he's a war veteran, don't ask which war (his age and Vietnam-era status are none of your business). "Don't ask a woman if she wants to be called Miss, Mrs., or Ms., don't talk about 'mother tongue,' and don't ask where an applicant was born," add the managers' guidelines of a store chain in the Midwest.

Employees have begun citing a wide range of physical, mental, and emotional deficits, from bad backs to learning disabilities, as reason why they should be excused from job functions or given easier schedules as an accommodation under the Americans with Disabilities Act of 1990. "Traditional" disabled groups—the deaf, blind, and paraplegic—now account for only a small share of ADA job complaints. One federal court ruled that an employee dismissed for stealing money from co-workers and bringing a loaded gun to work could sue his company for failure to accommodate his "chemical imbalance," while another ruled that to accommodate an employee with narcolepsy—the tendency to fall asleep at inappropriate times—the employer must "tolerate an occasional nap."

[illegible] percent of personnel managers at the nation's biggest [illegible] "very candid" in giving a written reference [illegible] employee. In fact, most have formal policies prohibiting [illegible] information about such employees beyond name, position, [illegible] worked. "The whole thing has broken down," one told the [illegible] "People don't bother to check references. It's not worth [illegible]

Since the mid-1960s the American workplace has been transformed by a series of powerful new laws. For a long time, lawmakers have attempted to control what goes on in the workplace. But the new laws are vastly more ambitious.

Today's employment laws aim to regulate more than just pay scales, hours worked, union relations, and so forth. They try to control a wide range of personal interactions that includes job assignments, employee evaluations, benefit packages, and working conditions—including intangibles like what gets said in casual job conversations, the tones in managers' voices and the looks on their faces, and other intimate details of daily interaction among workers.

Unlike most previous laws, the new ones tend to avoid giving employers definite rules to go by. Instead, they just give sweeping, vague, aspirations the force of law. Thus employers are expected to refrain from "wrongful" firings, to give disabled workers "reasonable" accommodation, and to shelter employees from criticism or unpleasantness that could be considered a "hostile environment." No one really knows where these concepts begin and leave off; all employers know is that if they guess wrong some future jury or judge may place them in big trouble. The new laws also draw their clout from a distinctive method of enforcement: individual workers can take their employers to court in lawsuits, often for very rich damages.

At the heart of this new bustle of legal activity are anti-discrimination laws. The civil rights coverage has been relentlessly expanded to cover slights based not only on race, religion, sex and national origin, but also now on age, sexual orientation, disability, pregnancy, veteran status, mental illness, whether one has children, immigrant status, and much more. The disabled category alone has expanded to shelter tens of

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millions who have major physical, intellectual, emotional, and behavioral differences from the norm. The courts now interpret obesity as a disability. Another federal law bars employers from favoring U.S. citizens as workers.

As the new body of law grew, virtually every decision employers made became the subject of a potential lawsuit. Salaries, benefits, bonus and incentive pay, pensions, vacation and leave policies all might serve as grist for legal attacks. Employment lawyers pick and choose whatever openings are available: wrongful firing, an age claim if the client is over forty, defamation because the employer has impugned an employee's competence, a "failure to accommodate" if the boss hasn't worked around an employee's weak points. A consistent theme is that talk is dangerous—a favorite method by which lawyers assemble cases is to sift through files or client recollections of everything supervisors have said or put in memos for years, picking out the most inflammatory phrases from here and there. Chicago lawyer Michael Leech is blunt in advising employers: "Every time you open your mouth or write something down, you're opening yourself up to potential liability."

These new laws exemplify a wider trend. For most of American history, most jobs were "at will"—meaning either side could end the relationship on short notice or none, much as we are free to stop dealing with a local tradesman if we grow dissatisfied with his service. Courts might intervene in some circumstances, as when an employer refused to pay someone the agreed wages for work done. But hardly ever would the law dictate that a working relationship had to be continued indefinitely against one side's will.

This hands-off attitude harmonized with widely shared American ideas about keeping things voluntary in a private economy. And it had the advantage of keeping everyone out of court. Slow, messy, and phenomenally expensive, legal disputes stir up acrimony, invade privacy, and ruin reputations. Their outcomes are highly uncertain if not random, and they invite underhanded behavior. Though people must sometimes turn to them, our country traditionally viewed the lawsuit as a last resort.

In the 1960s, however, our legal establishment began to see things in a new light. Lawyers and courts were suddenly treated as the vanguard of social progress. Litigation wasn't a miserable and costly last resort at all, but actually a positive thing for society. Not coincidentally, this made many lawyers very rich.

One result of this today is that "defensive" business management aimed at keeping out of wars with disgruntled employees has become an industry in itself, spawning hundreds of management manuals, newsletters, hotlines, and sensitivity seminars. Managers could easily spend their time doing nothing but keeping up with this literature, and yet never master the half of it. Wittingly or not, most employers break the new laws almost constantly. It is almost impossible not to.

At the same time, vast new enterprises have grown up to find and cultivate workers in a position to sue. Advising magazine readers that age bias awards can be "rather substantial," a New York lawyer urges employees who feel they have a case to "go for it...it's worth it to take the risk." Another counselor writes in his book that there may be "a jury award out there with your name on it." A third attorney titles his guide Sue Your Boss, proffering an "invitation" to take advantage of laws that are "very much in your favor" and just "waiting to be used." "Vast sums" can be on the table, he tells readers. "Money—lots of it—has been changing hands."

A recent cover story in *New York* magazine shows attentive individuals how to get some of that money. In any job dispute, "the potential costs for an employer are substantial—far greater than any severance package you could possibly ask for," explain the authors. Win or lose, the cost of defending a suit to trial is likely to exceed $100,000. Sexual harassment charges, which require more elaborate investigations, can run $200,000.

After extensive interviews with practicing lawyers, the authors offer cheerfully amoral advice on how to shake one's boss by the ankles until coins roll out. Your "leverage" in negotiating a severance "is your agreement not to sue the employer. Only by withholding it can you hope to up the ante." As a result, your lawyer's first job is to determine "how much your former employer will be willing to pay to get you to give it up."

Everyone can take a spin at this wheel; a shrewd lawyer increasingly can find some grounds or other for suit in almost any case. "Few who are fired do not have some kind of claim," a Washington D.C., employment lawyer assures *Consumer Reports*. As time goes on, it may become harder and harder to carry out dismissals, discipline, or other "adverse action" against employees in typical American workplaces. Managers may find it advisable to simply work around the limitations of a problem employee, perhaps trying to get him transferred to another department.

What have been the results of the new employment laws? It is hard to spend much time among the case reports, hearings, and lawsuit summaries of today's employment laws without being struck by the volume of spectacular injustice and irrationality the law has produced. Today's laws often undercut workplace competence and excellence. In the process they endanger lives and livelihoods in fields like medicine, transportation, and public safety. They erode the quality of services and goods, fritter away productivity, and reduce economic growth.

Nor do the new laws live up to their promises to foster gentler, more considerate dealings between employers and employees. As the management of a working relationship falls into the hands of lawyers on both sides, it becomes not more humane and harmonious but more artificial and adversarial. Evidence is mounting that as employers adjust, anti-discrimination laws are backfiring to make many intended beneficiaries less rather than more secure.

With their clumsy one-size-fits-all methods, our present employment regulations have begun to stifle freedom, and curb the sense of limitless possibility that characterizes a good job—and even subtract from the pleasing "diversity" (subject of so much lip service today) of American working life.

Walter K. Olson is a fellow at the Manhattan Institute. This is adapted from his new book The Excuse Factory: How Employment Law is Paralyzing the American Workplace.

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Spirited Enterprise

Business and Religion: Odd Couple or Bosom Buddies?

By Evan Gahr

Is the Republican coalition really composed of a deeply troubled and unholy alliance between economic libertarians and social conservatives? That's certainly the conventional wisdom. The press portrays economic and social conservatives as sharply different, mutually suspicious partners in a big tent that could be ripped asunder at any moment.

Actually, though, the two camps enjoy far more common ground than armchair pundits and secular observers realize. A quick trip to Republican National Committee headquarters demonstrates this. There, the party's ballyhooed GOP-TV is broadcast from a studio built with a $2.5 million donation from the family who co-founded Amway, a religiously inspired multi-billion dollar sales company. Another sign is that when Phyllis Schlafly, venerable social conservative, polled the members of her Eagle Forum awhile back, they said their number-one priority was "cutting the size and scope of government" (abortion came in second).

Still, the perception of an economics versus social issue fissure in conservative ranks persists. Economic libertarians are, of course, associated with business, social conservatives with religion. And many people assume that business and religion are inherently contradictory, that businesspeople don't care about moral questions, that social conservatives view money-making as sacrilege. In this view, religion is considered unworldly, irrational, soft-headed; devout folks are too superstitious to handle the wear and tear and hustle of corporate life. Capitalists, on the other hand, are selfish, even malevolent—forced to sell their soul to turn a healthy profit.

"There's the perception that to be successful you've got to do something dishonest," says Herman Cain, chairman of Godfather's Pizza. "But I haven't had to stab anyone in the back, and I don't plan to." Adds former United States Treasury Secretary William Simon, a devout Catholic and multimillionaire businessman: "Pushers and shovers and connivers aren't the leaders in business."

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Apparently not. Indeed, the existence—and often disproportionate representation—of the religiously committed in just about every business endeavor from investment banking to fast-food suggests that religion and commerce can be two sides of the same gold coin. "The Bible is a manual to success," says Truett Cathy, president and founder of the 725-restaurant Chick-fil-A chain.

Daniel Lapin is a rabbi and also president of the Cascadia Business Institute, which draws on the insights of religious tradition to improve business performance. He contends that money and godliness are interrelated. "Capitalism is utterly dependent on the Judeo-Christian tradition. No capital market has ever grown indigenously outside of Christendom. It's not a coincidence that atheistic regimes have proven incapable of running viable economies."

Lapin, author of the forthcoming *Ten Commandments of Business Success*, adds that even the slogan emblazoned on U.S. coins, "'In God We Trust,' highlights the unbreakable bond between faith and money. In the final analysis, the only value in money is the value that lies in the promise for others to do things in exchange for money."

The connection between faith and money is, in fact, well established. *Christianity Today* executive editor David Neff notes that the United States has long benefited from religiously motivated businesses. Corporate giants such as J. C. Penney were founded by Christian businessmen. "This is not a new phenomenon by any means."

Nor is it a disappearing one. Consider a recent survey of small business owners. The National Federation of Independent Business questioned a national cross-section of 800 owners of companies in such diverse fields as construction, retail, agriculture, and insurance. Fully 43 percent of all respondents identified themselves as evangelical or born-again Christian. The average church attendance among this sample of typical business owners was two times per month.

A similar ethos animates many leaders of large corporations. Among leaders of the nation's top 100 businesses, 65 percent attend church or synagogue regularly—compared to 40 percent of the general population. Nor is religion something that business leaders relegate to the weekends. IBM chairman Louis Gerstner, Jr., a graduate of an all-boys Catholic high school, attends mass daily. The New York native calls his Catholic faith a "very important" albeit private part of his life. Dallas-based Interstate Battery company, the top replacement-battery manufacturer in North America, boasts a full-time corporate chaplain who leads voluntary prayer sessions and Bible study groups. Chairman Norman Miller, a contributor to the socially conservative Free Market Foundation, sees business and religion as inextricably linked. "Fulfillment in life is based on having a loving relationship with God," says Miller. "That's 24 hours a day. That's 7 days a week. If Christianity is the truth, then embracing God in life and throughout business will yield similar results."

Fully 43 percent of U.S. small businessmen identify themselves as evangelical or born-again Christians.

A similar ethos informs Illinois-based ServiceMaster. Two evangelicals founded ServiceMaster originally as a rug-cleaning operation. Although it's since blossomed into the nation's top provider of cleaning workers—who spruce up everything from hospitals to lawns—ServiceMaster hasn't strayed far from its roots. The company's motto is, "To honor God in all we do." That means, explains Chairman William Pollard, make money but also ensure that customers and workers are treated with dignity. "No one has the option of saying, 'Today I'm gonna honor God, and I don't care about making money,'" or vice versa. Religion and business do mix, Pollard insists. And scores of other corporate leaders say amen to that.

Take Herman Cain, for example. The chairman of Godfather's Pizza, which he has built into a $50 million corporation, Cain is a strikingly successful businessman. But the free market isn't the only thing he worships. The 51-year-old doesn't hesitate to say that religious faith has driven his rapid ascent up the corporate ladder. He refers frequently to the importance of prayer at crucial moments in a life journey that has taken him from a blue-collar household to the upper echelons of corporate America.

"We were put here to make a difference," he said in a recent interview. "We don't have forever to make that difference. That is an incredibly inspiring thought." Cain certainly practices what he preaches. Whether he's recording a gospel album in Memphis, testifying before Congress against wage controls, or upbraiding President Clinton for a proposed health care plan that would cost countless jobs, he is loathe to leave a minute unused. He even cuts his own hair because "it's most efficient time-wise." Cain regularly reminds himself that "As the good shepherd told us, from he who receives much, much is expected."

Cain doesn't shy from displaying religious perspectives that he says many businessmen feel compelled to keep under wraps. "When I get up, I don't take my beliefs off. That's like coming to work with one shoe. Some people think prayer is separate from business, but I don't." After speeches in which he mentions religion, Cain says people tell him, "'I liked the fact that you referred to your faith.' I say in a loud voice, 'Why are you whispering?'"

Spiritual values have figured in Cain's life since his days growing up in Memphis, Tennessee. "Mom was the one who made us go to church. Mothers are just like that. She was the light." Cain's father, Luther, held down as many as three jobs, offering a different kind of inspiration. "My father was focused on capturing the little part of the dream."

Cain left home to attend Morehouse College, a black school in Atlanta, where he majored in mathematics. After graduating in 1967, Cain landed a job with the Naval Weapons Laboratory in Dahlgren, Virginia. He worked as a financial analyst for Coca-Cola, and in 1977 took a job at Pillsbury. Then 32, he rose quickly through the ranks. Placed in charge of Pillsbury's floundering Burger King unit in the Philadelphia area in 1982, Cain

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shone. Four years later, it was the company's best unit in terms of sales and growth. Pillsbury executives then named him president of the company's Godfather's Pizza operation. In 1988, he and other executives bought Godfather's from Pillsbury for $50 million.

Last year Cain was elected to serve a term as president of the National Restaurant Association. Shuttling between Washington, D.C. and Godfather's Omaha, Nebraska headquarters, he is hammering home to lawmakers the primacy of national economic growth.

Cain is also determined to boost the image of an industry that many Americans hold in low regard. "The restaurant industry employs 9 million people who depend upon it for their livelihood." Contrary to popular belief, he argues, "hamburger flipping and pizza flinging" are not "dead-end jobs." What other industry, he inquires, hires folks with little education and work skills and allows so many of them to go from "dishwasher to manager or owner of the company?"

Another stunningly successful businessman who knows how to make every minute count is Thomas Monaghan, the founder of Domino's. His company's promise to deliver its pizzas in 30 minutes or less helped the firm explode into an industry giant. Today, Monaghan sits atop a 5,335-unit chain that grew out of a single shop.

The 59-year-old Monaghan traveled a decidedly unusual route to his current position. As a young boy, Monaghan's widowed mother put him in a Jackson, Michigan Catholic orphanage. His formative years were shaped by two nuns—one quite nurturing, the other a strict disciplinarian. "Sister Braude is the one I think I owe more to than any other person. She was like a Marine Corps drill instructor." Later, Monaghan moved from foster home to foster home, was kicked out of seminary and shunted into a detention home. He eventually made it to the University of Michigan, but dropped out for lack of money.

In 1960, Monaghan and his brother borrowed $500 to buy a pizza shop. At the time he only intended to own the place long enough to make money to pay for architecture school. But that single store in Ypsilanti, Michigan, soon became the basis for the Domino's empire. He followed up with a second store in Mount Pleasant, Michigan, and introduced innovations designed to deliver a piping hot product more quickly than his competitors. He honed in on college campuses as an obvious market niche and "started thinking big. I remember getting the almanac out and writing down all the major campuses."

Monaghan believes that the Bible provides a road map to business success. "How could any Christian disagree with that? You could throw all the other books out." Monaghan, whose personal fortune is estimated at more than $300 million, decided a few years ago to dispense with his worldly possessions, including a vintage car collection.

"I decided not to get involved in ostentatious purchases or activities; I called it a millionaire's vow of poverty. I didn't give up convenience and comforts, just anything that didn't serve a purpose. I don't drive luxury cars or fly first class."

He gives much time to Catholic endeavors. In 1987, Monaghan founded Legatus, an international organization for Catholic business leaders that holds seminars on business ethics and sponsors conferences featuring prominent Catholics from the pope on down. Monaghan calls Legatus his "number-one priority. The idea is to help members be more informed about their faith and do a lot for the church and mankind." Because of Monaghan's support of the pro-life movement, it is considered politically incorrect in some circles to order from Domino's. Are his principles in this area losing Domino's money? "I don't think so. And if they are, what better reason to give up business?"

A national restaurant chain that's closed on Sundays? Sounds unfathomable, but Truett Cathy won't have it any other way. Ever since he opened his first-shop in 1946, Cathy—who now presides over the 725-store Chick-fil-A franchise—has insured that all of his restaurants stay closed on Sunday. "I consider it a divine day."

It's also, of course, the day when many folks choose to patronize restaurants. But if closing on Sundays may seem like a recipe for economic failure, Cathy maintains it's actually integral to Chick-fil-A's success. "Everyone from our entry-level workers to our managers are of a high caliber; the kind of people who want Sunday to give to their family," he explains. In an industry where staff typically come and go as quickly as the food is served, Chick-fil-A's turnover rates are a third to a sixth of industry norms.

The nation's third largest chicken chain, Chick-fil-A last year boasted $735 million in sales, a 13 percent increase over the previous year. If the privately owned chain went public—something Cathy has adamantly resisted—it could be worth, according to estimates, anywhere between $500 million and $1 billion. And Cathy has a ready explanation for Chick-fil-A's prosperity: "The Bible tells us how we should treat each other—fellow men and women, employees, and customers."

"I feel God created us for the purpose of being successful," says this Southern Baptist. And Cathy didn't waste any time. He made his first profit at age eight by buying six bottles of Coca-Cola for a quarter and then reselling them to neighbors for five cents each, earning a nickel on the transaction. His profit margin has been going up ever since. After leaving the Army, Cathy opened his first restaurant with his brother Ben in 1946. The Dwarf Grill—closed on Sundays of course—served as the progenitor of Cathy's Chick-fil-A firm.

After discovering that chicken sandwiches weren't made quickly enough, Cathy endeavored to speed things up. He discovered that cooking time could be cut in half if the bone were removed—and thus the boneless chicken sandwich, or chick-fil-a, was born. One reason religion has business value, Cathy points out, is because it provides a bit of humbleness. "You're just aware you don't have all the solutions."

Cathy's eclectic interests run the gamut from worldly to spiritual. He boasts a collection of motorcycles and rides them with a Baptist biker group called the Holy Rollers. Because his company hasn't gone public, Cathy is able to fund endeavors that shareholders might give him grief over. Chief among these are

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the 13 foster homes Cathy runs at an annual cost of $800,000. "We tell our house parents it's not a job, it's a calling; otherwise you'll get burned out." Drawing on his firsthand knowledge, Cathy supported Newt Gingrich when the House Speaker spoke in favor of orphanages. He has also advised the speaker on welfare reform.

Allou Health and Beauty Care, Inc. delivers the latest in medications, prescription drugs, and perfumes to 4,000 pharmacies and discount stores in New York, New Jersey, and Connecticut. Allou's owners are Orthodox Jews who scorn management handbooks in favor of the much older principles enunciated in the Jewish Talmud. Company officials say a whole slew of Talmudic dictums influence business practices.

Citing the Talmud expression that "a person who doesn't watch his employees is destined for the poor house," for example, chief executive Victor Jacobs regularly mills about the company warehouse, chitchatting with employees. Chief financial officer David Shamilzadeh explains that "It gives the best feedback on what's good; what needs to be improved." Another expression—"It's not the mouse who is the thief; it is the hole that allows him in"—has led the company to ensure that there's little opportunity for theft after products leave the warehouse.

More generally, Allou's Herman Jacobs insists that "the Talmud just makes you smarter." Apparently, so. Allou boasts some of the highest profit margins in the industry (4.2 percent compared to under 3 percent for competitors).

Applying Jewish law to business can be tricky. In keeping with Jewish law, the entire company shuts down on Fridays one hour before sundown. Even non-Jewish employees must go home. And Allou closes for 17 Jewish holidays. "Even federal workers are envious of us," says chief financial officer Shamilzadeh.

At ServiceMaster, religious principles also inform daily corporate behavior. For one thing, all managers are required to spend one day each year working as a cleaner themselves—in accordance, says Chairman Pollard, with Jesus Christ's emphasis on servant-leadership. (Pollard himself has joined workers scrubbing hospital toilets.)

Beyond that is a more intangible belief that every worker—ServiceMaster employs and manages more than 200,000 people—is imbued with God-given dignity, and should be treated accordingly. "The proof is in the pudding. We can't manage those people if they don't see a mission. If they're not well-treated they'll deliver lousy service. If people don't see dignity in work, they won't deliver high quality."

Former Reagan administration Environmental Protection Agency official Joe Cannon is a Mormon who echoes those sentiments. Ten years ago Cannon purchased Utah's Geneva Steel company in a leveraged buyout that rescued the plant from closure. "Christian principles are good business principles: Do unto others as you'd have them do unto you." Cannon also draws on Mormon founder Joseph Smith's admonition against "unrighteous dominion" to warn managers against acting like "jerks."

Investment banker Peter Flanigan, a longtime benefactor of civic causes like New York City's parochial schools, says the most accomplished businessmen are animated by the spirit and specifics of scripture. "Since we are made in an image of God, we are to be, like God, creative. Think of the parable of Christ, giving a man ten talents so he can make ten more. Being creative is an appropriate reflection of our nature."

A board member of the Catholic Alliance, a Christian Coalition off-shoot, Flanigan says that he sees "business activity as an appropriate goal for spiritual man. That view is generally not held by the media. The only people the media portray worse than businessmen are clergy."

Evan Gahr is a frequent contributor to The American Enterprise.

Business as a Moral Undertaking: The Matsushita Story

By John P. Kotter

Born in a Japanese farming village in 1894, Konosuke Matsushita endured numerous childhood blows, including the death of six of his seven siblings, his father's speculating away all of the family's financial assets, and leaving home at the age of nine to work 16-hour days in Osaka as apprentice to a hibachi-maker.

Rather than being ground down by such difficulties, Matsushita went on to become one of the titans of twentieth-century enterprise, founding today's $80 billion-a-year home appliance and consumer electronics giant Matsushita Electric (maker of Panasonic and other brands). Upon his death in 1989, more than 20,000 people attended funeral services for this persevering, intensely spiritual businessman.

In his new book, Matsushita: Lessons from the Life of the Twentieth Century's Most Remarkable Entrepreneur *(The Free Press), from which the following is adapted, John Kotter explains how businessman Matsushita did "what all great leaders do—motivate large groups of individuals to improve the human condition."*

As Konosuke Matsushita matured and his firm grew, so did the breadth of his thoughts. By the early 1930s, his pragmatic advice became increasingly mixed with broad philosophical statements about the purpose of business enterprise and human nature. "The mission of a manufacturer," he told employees in 1932, "should be to overcome poverty, to relieve society as a whole from the misery of poverty, and bring it wealth. Business and production are not meant to enrich only the shops or the factories of the enterprise concerned, but all the rest of society as well."

Matsushita spoke often about the importance of generating wealth—for

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everyone, not just owners or "the nation" as a collective. He preached the importance of enterprise and profit, with an emphasis on the psychological and the spiritual. "Should business be concerned only with the material aspect of life and leave the care of the human spirit to religion or ethics? I do not think so. Businessmen, too, should be able to share in creating a society that is spiritually rich and materially affluent."

Masahiro Mukasa, who worked with Matsushita for nearly 25 years, notes that Matsushita "never developed airs. He always thanked other people in a very natural way. That's what impressed me the most about him. He was always remarkably humble. He behaved as if he held everyone in high esteem. As a result, people who are usually reserved when talking to a powerful man found it easy to speak with him. [His] demeanor encouraged them to be frank and to tell him what was really on their minds.

"He studied very hard. Partly, I think, because he had little educational background, he listened carefully to what other people told him. He was very skilled at using that knowledge to create his own ideas. Despite all the money he made, he never seemed to be impressed by riches. He didn't spend money in a luxurious way. He had a strong sense of morality and seemed to focus on elevating his mind. He wanted to take a gradual step forward every day, little by little, toward greater knowledge.

"He believed that by improving other people, he could improve himself, that helping other people was like helping himself. These ideas were like religious beliefs. He thought that without the cooperation of other people, he would not be able to achieve his goals. He always gave that impression to everyone he met. 'Without you, we would not be as successful.' He was a very idealistic person."

During his youth, few saw Matsushita as above average, much less great. He was a mediocre student, and nervous and sickly. Yet he created a business firm that adapted phenomenally well to rapid growth, technological change, and globalization. Throughout life, he demonstrated a capacity for growth and renewal that was astonishing.

A national restaurant chain that's closed on Sundays? Sounds unfathomable, but Truett Cathy won't have it any other way.

On numerous occasions, Matsushita told people that his perspective on learning was summed up in a poem that General Douglas MacArthur is credited with introducing to the Japanese after World War II. The first two stanzas of the poem, written by American Samuel Ullman, read,

> Youth is not a time of life,
> it is a state of mind;
> it is not a matter of rosy cheeks,
> red lips, and supple knees;
> it is a matter of the will,
> a quality of the imagination,
> a vigor of the emotions;
> *it is the freshness of the deep springs*
> of life.
>
> Youth means the temperamental
> predominance
> of courage over timidity,
> of the appetite for adventure
> over the love of ease.
> This often exists in a man of sixty
> more than a boy of twenty.
> Nobody grows old merely
> by a number of years.
> We grow old by deserting our ideals.

Among the hundreds of people trying to crowd onto Matsushita's calendar in the early weeks of 1932 was a customer who asked for a few minutes of his time. Matsushita agreed, and found himself subjected to a proselytizing speech. The visitor said he had once been very unhappy, with one misfortune following another. Then a friend urged him to join a particular religion. He said he was not interested at first, but after visiting a few temples and attending a few services, he gradually began to *appreciate the spiritual life.*

"I realized how mistaken my thinking and way of approaching things had been, and saw clearly why my affairs had not been going favorably," the customer told Matsushita. "As my faith grew stronger, I realized that things I had once found profoundly irritating no longer bothered me. I became more open-minded and less prone to worry. I began to work cheerfully every day. I went to pray at the temple frequently and discovered the joy of religious faith. It was not long before my business and everything else all started going well. For the first time, I felt my life worthwhile."

Matsushita was not a follower of any particular religion, nor was he looking for a sect to join. Though impressed by the visitor's enthusiasm and earnestness, he nevertheless declined the invitation, and given his busy schedule, the meeting should have quickly faded from memory. But it did not. Matsushita kept thinking about the man's dedicated manner and his apparent happiness. Ten days later, the customer returned to talk more. A few weeks later, he visited again. Matsushita could easily have found excuses to avoid seeing the man, but he didn't. Instead, he eventually accepted an invitation to visit the sect's headquarters.

At seven o'clock one morning in March 1932, the two men left Osaka for the head temple of the Tenrikyo sect, in what is now called Tenri City. Matsushita was surprised by how many buildings the group had, by their size and architectural quality, and by the spotlessness of the grounds. He went with his customer to the main hall, to the municipal hall still under construction, and then to the founder's mausoleum. They visited a school that enrolled more than 5,000 students; they saw the library with a collection that matched that of any organization in Osaka or Tokyo. At day's end they visited a lumber mill the sect operated in order to erect still more buildings.

More than the facilities, what attracted Matsushita's attention were the people and their spirit: the quiet reverence of the worshippers, the diligence of the students, the energy of those building the temples. All of the laborers do-

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nated their time, receiving no salary, yet they worked with enthusiasm.

That night Matsushita returned alone to Osaka. The images of what he had seen stayed with him: Happy people. Hard-working people. Yet no apparent economic incentives.

When asked, he still declined to join the sect, but subsequent events show that Matsushita became nearly obsessed with this experience. "There was something to be learned from what I had seen," he wrote, "from the way it was apparently thriving, from the mountains of donated logs, from the energetic and dedicated way the members of the sect threw themselves into the construction work." The implication was clear: If a corporation could somehow be made meaningful like a religion, people would be both more satisfied and more productive.

And not just workers, but managers and owners as well. By the early 1930s, Matsushita Electric was a rare organization—thriving despite very poor national economic conditions—so one might have expected the founder to be extremely happy. He was not. Thirty-seven years old, Matsushita was restless, moody, and suffering from the mysterious physical ailments that often forced him to bed. Some speculate he had learned that money does not soothe the soul, and was searching for some greater achievement and meaning.

On May 5, 1932, Matsushita made a presentation to 168 of Matsushita Electric's workers and executives, reminding them of the firm's achievements. In only 15 years MEI had gone from a tiny start-up to a dynamic organization with 280 registered patents, factories at ten locations, and more than 1,100 employees. He then told about his recent experience at the Tenrikyo temple, and how it had inspired him to reexamine his vision of MEI. The ultimate mission of a manufacturer, Matsushita argued, is to aid society by creating wealth. He built up to a memorable proclamation: "This is what the entrepreneur and the manufacturer should aim at: to make all products as inexhaustible and as cheap as tap water. When this is realized, poverty will vanish from the earth."

"The mission of a manufacturer," Konosuke Matsushita told employees, "should be to relieve society from the misery of poverty."

Achieving such a goal would require many years, Matsushita acknowledged, perhaps two or three centuries. But that should not deter MEI employees. All worthy ideals are difficult to accomplish; life becomes better only when far-sighted people are willing to tackle ambitious projects. Usually a poor public speaker, Matsushita orated with passion this day, observers recalled, and dozens in the audience spoke in response, some becoming very emotional.

Matsushita told his listeners that his company would work toward high long-term goals without eschewing profits. MEI was not to become a socialistic or Confucian enterprise. In Matsushita's view, social contribution and profits rarely conflicted. The company's mission was to serve society by producing needed goods and services—more and more of them at lower and lower costs, all of which required profits to finance new technology and additional factories. Profits would actually serve as a rough measure of how well the firm was serving society.

Matsushita's aim wasn't to strengthen the Japanese nation-state, or to maximize his wealth, or to become a "socially responsible" enterprise that made no profits or gave them all away to charities. His aim—committed to writing in a statement of principles he asked employees to repeat out loud every workday—was to "provide high-quality goods and services at reasonable prices, thereby contributing to the well-being of people throughout the world." He explained to employees that "Human beings are sometimes slaves to the ugly and weak sides of human nature. However, if you set high goals for yourselves and everyday continue to reflect on them, step by step you will be more focused and make yourself a better human being, becoming a happier person for it."

To many MEI employees, the company's code of "seven principles" became a guideline for living. Matsushita Electric was already known for having a dedicated and energetic workforce, but after 1933 the emphasis on service, honesty, and teamwork seems to have become a still more important source of competitive advantage. MEI conferred unusual status on the lowly salesman, insisting that "sales is an important and noble profession." A key lesson promulgated by the company's sales training institute, established in 1934, was that "You are not working for Matsushita. You are working for yourself and the public. Never forget that every single person you meet is your customer."

A directive published by Matsushita in 1935 urged, "No matter how large Matsushita Electric might become in the future, never forget to maintain the modest attitude of a merchant. Think of yourselves as being employed in a small store, and carry out your work with simplicity, frugality, and humility."

Despite the tendency of organizations to lose the commitment and enthusiasm of employees as they grow larger, many MEI workers came to believe that they were associated with a noble and just cause. Like the people in Tenri City, they threw themselves into their jobs, and although they did not always possess the technical resources or finances of their business rivals, they triumphed again and again.

A final example of the idealism and optimism that drove Matsushita to business triumph is his influential visit to America. In the wake of World War II, Matsushita lost dozens of facilities built throughout Asia. From such a setback, a less imaginative executive might have concluded that the risks of venturing abroad overwhelmed any advantages. Matsushita, however, drew a different lesson. The war convinced him that the Americans and Europeans were more advanced than his own country, and that if Japanese firms were to flourish, they would have to learn from the superior powers. Learning would

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require reaching out, traveling, and engaging in foreign operations.

In 1951, at the age of 56, Matsushita (who spoke only Japanese) journeyed outside his homeland for the very first time. He left for the United States with the intention of staying, mostly in New York, for one month. But after a week, Matsushita changed his plans and extended the trip. One month stretched to nearly three. Matsushita bought equipment for his factories in the U.S. He talked to managers in at least a half-dozen firms. He went often to movies (though he could not understand English) because they showed him America north, south, east, and west. And nearly every day, Matsushita walked somewhere in the city.

The economic gap between Japan and the U.S. at the time was wide. While electricity was turned off in Tokyo every evening, in New York the lights in Times Square blazed 24 hours a day. A pessimistic Japanese might have become depressed by the vast gulf between the living conditions in America and Japan. But Matsushita was energized. America fascinated him, providing much to learn and ponder. Konosuke Matsushita returned to Japan that April carrying with him a vision of a prosperous and democratic community.

Harvard business professor John Kotter is the author of seven other books on business and management.

Business as a Calling

By Michael Novak

I've just written a book about "business as a calling," an idea which sounds odd to people who think of business people as "money-grubbing materialists." But though they receive little affirmation for their vocations from the clergy or the general culture, most people in business are confident that the work they do is moral. Indeed, of all the elites of American society—social scientists, artists, the military, athletes, politicians, movie stars, journalists, lawyers, and others—the fact is, businesspeople are among the most religious. And many speak of their vocations with a sense of noble purpose.

• Kenneth Lay, Chairman and CEO of the largest natural gas company in the United States, Enron Corp., confides that "I grew up the son of a Baptist minister. From this background, I was fully exposed to not only legal behavior but moral and ethical behavior and what that means from the standpoint of leading organizations and people. I was, and am, a strong believer that one of the most satisfying things in life is to create a highly moral and ethical environment in which every individual is allowed and encouraged to realize their God-given potential. There are few things more satisfying than to see individuals reach levels of performance that they would have thought was virtually impossible for themselves."

• Robert Malott, retired chairman of FMC Corporation in Chicago, takes his greatest satisfaction from having created a "corporate culture" he could be proud of. He illustrates this with a handwritten note he received from a retiring colleague:

It has been a privilege to be associated with you for the past 20 years. The high standards of performance you set...made me better than I might otherwise have been.... It was your leadership, guidance, and unrelenting demand to do the best possible job that allowed me to do what I did.... It was a wonderful journey; thanks so much for all your help along the way.

Bob Malott cherishes that letter as much as any other business achievement. In the task-driven enterprise of business, there is great pleasure in building up *esprit de corps*. That is a kind of calling.

• The late David Packard of Hewlett-Packard once discussed why a company exists in the first place. "Why are we here? I think many people assume, wrongly, that a company exists solely to make money. We have to go deeper and find the real reasons for our being." The "underlying drives," Packard believed, come "largely from a desire to do something else: to make a product, to give a service, generally to do something which is of value." Inventors want to prove to themselves and to others that their creation is as valuable as they thought it would be.

• Author Emilie Griffin presents another aspect of the business calling in her book, *The Reflective Executive*. "The best entrepreneurial visions," she writes, "are founded in love." She uses the example of Phyllis Jordan, founder of PJ's Coffee and Tea, a regional enterprise that franchises coffee shops. PJ's is built around insights into religious-style love—not the sentiment, but the effort to build community. Phyllis Jordan herself explains why she started PJ's in this fashion:

> I had a friend who was in the coffee business and seeing her in her shop, offering a product which was shared with a friend, that was what attracted me. I wanted to see people talking to the people they've come with, or maybe the people they haven't come with.... There are major social changes converging to make neighborhood experiences and simple values very important. I think specialty coffee in the U.S. is part of that.

As president for a year of the Specialty Coffee Association of America, Jordan saw another, global, level of community at work. "The Association brings together people from growing countries—exporters and farmers—with roasters and retailers.... It's a very cooperative effort.... We think the organization can only work if everybody along the chain wins."

• Paul F. Oreffice, retired Chairman of Dow Chemical, says that his greatest satisfaction in business was working with and knowing "the guys" in middle management. His greatest pride lay in spotting and then pushing along special talents among younger employees. Several eventually became "gigantic" strengths for the company.

Oreffice loved his years at Dow, turning down offers to go elsewhere, always

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seeking new challenges. He liked working for a company—"founded by a farm boy from Nebraska"—that had a tradition of never, under any circumstances, paying bribes to officials in the countries where it operated. "The rule was there.... No ifs, ands, or buts."

• John W. Rowe of the New England Electric System tells about the time a pastor came by to see him while he was working in Maine. The pastor asked Mr. Rowe, more or less by way of chitchat, how he liked his job. Rowe replied, "Oh, I like it. It gives me a chance to work with people I respect, who know a lot that I don't know. I get to protect capital from some of the depredations of government. Most of all, I like to think I'm helping to keep an important part of our economic infrastructure in place, in support of other people's opportunities." Rowe still remembers the stunned look on the minister's face: "You mean you have a calling?"

• Sir John Templeton, founder of the Templeton Growth Fund and perhaps the greatest investor of our time, told *Forbes* recently that when he was young he had wanted to become a missionary. He had been a devout young man since his early days in Winchester, Tennessee, continuing through his years at Yale and at Oxford as a Rhodes Scholar. At Yale and Oxford both he met Christian missionaries returned from abroad, and recognized that he didn't have, finally, the right kind of stuff.

"I realized that they had more talent as missionaries than I did," he now remembers. "But I also realized that I was more talented with money than they were. So I decided to devote myself to helping the missionaries financially." While he was pioneering in the field of international investing, Templeton drew great drafts of objectivity, perspective, patience, and calm from time he devoted to daily prayer. He views his investing occupation as a calling God made him to do his best at.

Many professions today exude a polite but unmistakable hostility to religion and spiritual life. In the main, that is not true of people in business.

In a 1990 poll of American elites, sociologists Stanley Rothman and Robert Lerner discovered that, next to military officers (and leaving aside church professionals), more people in business attended church every week than any other profession—four times more than people in the news media, twice as often as congressional aides, nine times more than TV and movie elites. Only 13 percent of people in business never attend church.

Commerce involves much more than money. It is an unmistakable sign of human solidarity.

One can speculate that professions which put their members at considerable risk—the military, athletes, people in business—impress upon them their dependence on many factors beyond their own control. Such persons know what it is like to have Lady Fortune blowing into their sails one day, and on another to see those sails fall slack. They know what it is like to depend. The biblical language of trusting in Providence speaks to such people. Further, spiritual exercises produce a kind of inner cleansing and equanimity that helps individuals engaged in stressful work to perform at the top of their form. Religion makes sense to such persons. So also do traditional virtues.

Hostility to religion keeps many professionals out of touch with average Americans and popular culture. Americans are among the most religious people in the world, both in belief and in practice. Forty-four percent of all American adults attend church weekly. More people are in church on any Super Bowl Sunday than will be watching football that evening, though these are the largest television audiences of all time. The religious perspectives of people in business—especially people in small business, in the suburbs, and in small towns—keeps them close to other ordinary people. So too do their daily tasks. "Doing business" is what most citizens in free nations do most of the time.

Commercium et Pax, commerce and peace, was the proud motto of Amsterdam, one of the first great market societies of the modern world, whose busy port was crowded with the dipping and swaying masts of sailing vessels from nearly every harbor of the globe.

Commerce links persons who have never met one another. It shows the interdependence of the various parts of the human community and knits far-flung people together in common purpose. What Marx excoriated as "the cash nexus" is actually a humble glory. As one of the Fathers of the Catholic Church wrote, commerce is the material bond among peoples that exhibits the unity of the whole human race.

Consider the pipe in my cabinet that I wish I were smoking right now (my doctor has forbidden it): I don't know where the exotic wood of its bowl comes from, or who with such art designed it, or who turned it out; or whence the rubber of its stem was drawn or by whom processed; or where the metal ring that separates the two was produced; or from which pits of ore the substances from which it was alloyed derive; or who invented the filter designed to allow hot smoke to exit halfway to the mouthpiece; or who arranged for the multiple transactions that brought all these elements together for the manufacturer who sold it to me. Yet without having met them, I have often felt gratitude to these people.

From all over the world, we have been brought together—those who made and those who enjoy the fruit of their labors and inventions. To all these unknown persons I give thanks. I think of my pipe as a "peace pipe," not only for the pacifying effect its use once brought me, but also for the sense of universal community it evokes.

Commerce is the most solid, material sign of unmistakable human solidarity. It involves so much more than grubbing for money. One reason businessmen enjoy their calling is the challenge it offers. And the feeling, at the end of life, that they've accomplished something, and made a contribution to their fellow citizens.

Michael Novak, George Frederick Jewett Scholar at the American Enterprise Institute, is the author, most recently, of Business as a Calling.

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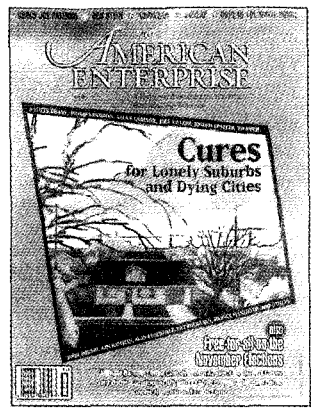

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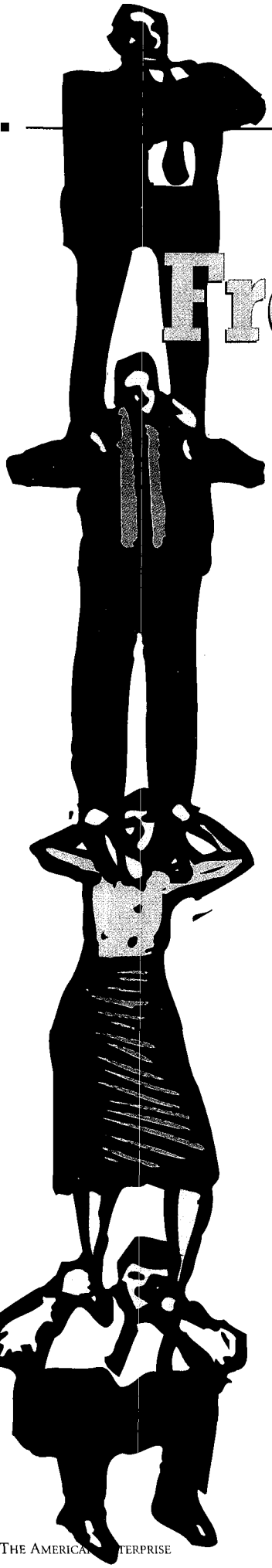

From Peon to Boss: It still happens

By Kenneth R. Weinstein

Andrew Carnegie started out as a $1.20 a week bobbin boy. By the end of his life he was head of the largest company in the world. Rags to riches, literally, in one working career.

But that was the old, freewheeling, frontier America. Today, we're told that you need a fancy education and a friend at the bank to make it big. Books and news stories say upward mobility ended with the last generation. The U.S. is becoming a caste society. Now, it's only the rich who get richer.

Is Horatio Alger dead? The nineteenth-century Unitarian minister, made famous by his 130 tales of up-from-nothing success, once inspired generations of Americans. Nowadays, he is mocked as a myth-maker. Sophisticates sneer at the idea that big things can be achieved through hard work alone. It's a nice notion, they say, but it can't be done today. Only the well-credentialed and the already-well-off can hope to break through.

Such pessimism is factually unfounded and ultimately self-defeating. In the 1990s just as in the nineteenth century, enterprising Americans can go from the bottom to the top of the heap in short order.

In an 1859 address, Abraham Lincoln, himself a model of the poor-but-ambitious American, attacked the view that "whoever is once a hired laborer, is fatally fixed in that condition for life." "The prudent, penniless beginner," Lincoln noted, "labors for wages awhile, saves a surplus with which to buy tools or land for himself," and eventually saves enough to hire others to help him. These hired laborers then begin the same cycle over again. This, Lincoln proclaimed, was a "just and generous, and prosperous system, which opens the way for all—gives hope to all, and energy, and progress, and the improvement of condition to all."

Today there is actually a Horatio Alger Association of Distinguished Americans, based in Alexandria, Virginia, that recognizes individuals who have "risen from humble beginnings to personify the ideal of success through hard work and courage." The society was formed a half-century ago to teach young people that America's days of opportunity are not over.

One of the 1997 Alger inductees is Alan "Ace" Greenberg. As a young man in Depression-era Oklahoma City, Greenberg read *The Robber Barons* and decided that he, too, would end up on Wall Street. In 1949, after graduating

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Reports of Horatio Alger's death are greatly exaggerated.

from the University of Missouri, he headed East and landed a $32.50 a week job as a clerk in the oil department of the brokerage house Bear Stearns. Six months later, he became an arbitrage clerk. By age 25, he was running the arbitrage department before becoming a Bear Stearns partner at age 31. Soon diagnosed with cancer, he triumphed over it—and over his competitors—guided by the belief that "thou will do well in commerce as long as thou dost not believe thine own odor is perfume."

In 1978, "Ace" was made CEO of Bear Stearns. Under his reign, the company grew from 1,200 employees to 7,800. And while other brokerage firms were busy recruiting MBAs, Greenberg declared an abiding preference for "PSDs" —Poor, Smart, with a deep Desire to be rich, and no college education at all.

The historian Henry Adams (1838-1918) noted that in the United States, "the penniless and homeless Scotch and Irish immigrant was caught and consumed" by economic opportunity. "Every stroke of the axe and the hoe made him a capitalist, and made gentlemen of his children."

The members of the billionaire club at the top of the *Forbes* 400 list of the wealthiest Americans may not all be gentlemen, but there are certainly more than a few high school and college dropouts who were "penniless beginners" laboring for others as they saved enough to build their own businesses. Takeover titan Kirk Kerkorian (worth $3.4 billion) didn't make it through junior high, but started a charter airline company as a World War II veteran using surplus planes. Lawrence Ellison ($6 billion) quit the University of Illinois and struggled through low-level jobs in Silicon Valley before starting network computer manufacturer Oracle with just $1,850 in 1973. Entrepreneur Wayne Huizenga started with a used garbage truck in 1962 and ended up with $1.4 billion last year. Alfred Lerner ($1.4 billion) began professional life as a $75 a week furniture salesman, but squirreled away enough cash to buy a 59-unit apartment building in Cleveland that was the start of his massive real estate and banking holdings. Carl Lindner of American Financial ($1.1 billion) was a high school dropout who opened an ice cream parlor in 1940 with $1,200 in savings.

Even at today's biggest companies there are lots of chief executives who began at those same firms in the humblest entry-level positions. General Motors chairman John Smith began with GM in the early 1960s as an assembly line worker. Ivan Seidenberg, CEO of NYNEX, started as a cable splicer's assistant at $89.50 a week. Darryl Hartley-Leonard rose from desk clerk to become CEO at Hyatt Hotels. Edward Rensi, president of McDonald's USA, was an 85-cents-an-hour counter worker at a golden arches restaurant in the beginning.

Not only at the business apex but all across America one can find men and women who have sharply improved their fortunes via our wide open business system. Take Herman J. Russell. He started shining shoes at eight, took a paper route when he was ten, saved money at the suggestion of his father, and eventually built up one of Atlanta's largest construction and property management companies. With more than 1,400 employees and $164 million in sales, his company is one of the larger black-owned enterprises in the country.

Too many young people today are "not willing to wait or pay the price" necessary for success, Russell argues. He says too many blacks, in particular, have given up on blue-collar jobs as a path to economic success. "You don't have to have a white-collar job to be successful in life," he says. "When I was serving my apprenticeship, most of my peers were black Americans. But we don't see that today."

In many places, the faces you'll now see behind the counters of entry-level businesses are those of immigrants. Charlie Chea, 44, lost both of his parents and eight of his nine sisters to the Khmer Rouge terror that swept Cambodia after the U.S. withdrawal from southeast Asia. Chea somehow escaped and, in 1973, made it to the U.S. He scrimped and saved for nine years. Then in 1982, with $30,000 in the bank, Chea and his wife bought a 50-foot boat and formed the Captain Charlie Seafood Company in Houston. The business quickly grew to a fleet of 30 boats, but fishing on the Gulf Coast took a turn for the worse—and some of his fisherman proved less than trustworthy, keeping much of the catch for themselves. So Chea re-grouped, swapped his boats for a fleet of 15 trucks, and Captain Charlie became one of the leading distributors of seafood in Texas, Alabama, Louisiana, Mississippi, and Oklahoma.

Fifteen years after Chea came to Houston, Captain Charlie Seafood now has annual sales of over $30 million. "If you are honest and work hard," Chea says with enthusiasm, "you can be a success." He worries some Americans have become too big for their britches and are unwilling to start humbly and work their way up. When thinking about some successful businessman in the future, he suggests, remember that "many of these guys were 'truck drivers,' too, at some point."

In point of fact, few industries boast more entrepreneurial success stories than trucking. Last decade's deregulation of the industry caused thousands of new companies to spring up, including 20 or so brand new launches that now do over $100 million in business annually. The owners of lots of today's largest companies were once shift drivers who saved enough money to buy their own rigs and then build their own fleets.

One such success story is the current chairman of the U.S. Chamber of Commerce, Michael Starnes. Starnes started driving a delivery truck, worked as a sales rep for a big trucking company,

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then managed operations for a smaller outfit. In 1978, at age 33, Starnes and his wife formed M.S. Carriers, with $10,000 in savings and a $20,000 line of credit. For the first half-year, they ran this one-truck operation out of a bedroom in their Memphis home. M.S. Carriers quickly grew to 50 trucks.

By 1986, M.S. Carriers had $35 million in annual revenues and 250 trucks. Now, two decades later, it has 2,500 trucks serving the U.S., Canada, and Mexico, employs 3,300 workers, and grosses nearly $400 million a year.

Spare rooms in Memphis homes seem to be good places to start up multimillion-dollar corporations. Ira Lipman's 12,000-person business was launched underground—in his basement. Back when he was just eight years old and growing up in Little Rock, Arkansas, Lipman began working for his father's detective agency, testing store clerks to see if they would give the proper change to a child. Lipman honed his sleuthing skills and amidst the historic desegregation of Little Rock's Central High School in 1957, the 16-year-old became NBC reporter John Chancellor's main source inside the school. (Lest one think social mobility in America is a one-way street, note that Arkansas Governor Orval Faubus, who fought the desegregation order from President Eisenhower, ended life as a $60 a week bank teller.)

After a couple years of college, Lipman took a job as a salesman for his father's gumshoe agency and quickly tripled its $100,000 earnings. But when several clients asked the firm to provide guard services, Lipman's father balked. Sensing an opportunity, Ira borrowed $1,000 from his father in 1963 and started his own security guard service. Today, Guardsmark is the nation's fifth-largest security firm, with $200 million in revenues and 12,000 employees. Lipman feels a real debt to America: "I'm unabashedly proud of this country. I've seen it grow from 125 million to 265 million people in my lifetime. I constantly tell everyone how great a country it is, and how it provides opportunity to all."

One of America's starkest success stories comes from Depression-era rural Virginia. As a high school student, J. B. Fuqua, now 79, had a plan to be a millionaire by age 30, and this barefoot farm boy raised by his grandparents never looked back. At age 14, he heard an ad for a 25-cent book on how to obtain a ham radio license. He sent in his quarter, received the book, and earned his license. Fuqua, a voracious reader all his life, then discovered that the library at Duke University had a books-by-mail program. He promptly ordered books on commercial radio, earning a license to broadcast as well. Rather than going to college, Fuqua became the youngest radio officer in the U.S. Merchant Marine, and followed that up by becoming the youngest chief engineer of a U.S. commercial radio station.

At the age of 21, with a few years of experience under his belt, the ever-confident Fuqua walked into the Augusta, Georgia Chamber of Commerce and convinced the executive director to furnish him with the names of three investors who would lend him $10,000 to launch a new radio station. As soon as he had it set up, Fuqua set his sights higher. He couldn't help but notice that "all the big houses were owned by bankers"; so he started ordering books on banking and finance from the Duke mail library and studied them at night. By age 30, he bought a Royal Crown Cola bottling company. And while others were still hesitant to invest in a new industry called television, Fuqua rushed in head first, launching WGAC in Augusta for $250,000. He eventually sold it for $30 million.

Fuqua began buying troubled companies and selling their assets, slowly building the conglomerate now known as Fuqua Industries. In the late 1960s, Fuqua converted the company from a private into a public corporation, and it hit the *Fortune* 500 in just four years.

Asked about his success, Fuqua replies, "There are three *C*s to individual achievement: capacity, capital, and courage. And without courage, even if you have the capacity and all the capital in the world to run a business, you won't succeed." Although Fuqua would have liked to have had more formal education, he always felt "prepared for the next step." He thinks today that "there is more opportunity in America than ever before," and notes that "it's now easier to get capital, because there is simply more of it around."

Rather than waiting for books to arrive in the mail from the Duke Library, the semi-retired Fuqua now spends up to two-and-a-half hours a day on the Internet. Technology, he notes, gives today's youngsters a tremendous advantage: they can sit at home and be "in the middle of the largest lending library in the entire world, surrounded by books, magazines, and all kinds of publications."

For his own part, Fuqua remains eternally grateful to Duke. In the 1970s he awarded the school the then-unheard-of sum of $10 million to start the business school that now bears his name. Duke presented him with a gift of their own: the manual on how to obtain a commercial radio license that he had borrowed to get his start over three decades earlier.

So the next time you hear somebody—probably a politician—trying to pit rich and poor against one another, or claiming that our economic system is closed to little guys, or mourning that the American dream is dead, just remember shoeless J. B. Fuqua, the immigrant Charlie Chea, or Ed Rensi slinging burgers. They faced high odds, but overcame them with optimism and determination, creating opportunities for themselves and others in the process. There is no sign whatsoever that this historic pattern of mobility is letting up. The only foreseeable threat for the future is that our government will so clog America's commercial arteries as to make forward motion of all sorts difficult.

For those who have the energy and dedication, America still operates, like Lincoln declared, as a "just, generous, and prosperous system, which opens the way for all." Reports of Horatio Alger's death are greatly exaggerated.

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The Landlord As Entrepreneur

By Howard Husock

"Dear Landlord, please don't put a price on my soul," pined that authority on property rights Bob Dylan. In literature and popular culture, the very word landlord seems to reek of feudalism, greed, and insensitivity, conjuring up a parasite class of "lords" who milk residents of their land with little regard for human needs or tribulations.

Vilified as they are, there is little to induce low- and middle-income families from aspiring to become landlords themselves by acquiring property and managing it to attract tenants. Instead, public policies and attitudes encourage such families to think of themselves as, at best, candidates to rent subsidized accommodations owned by someone else, preferably some nonprofit group or government authority—*not* a private landlord. The idea that persons of modest means might themselves become landlords now seems preposterous to some.

Yet, traditionally, it was just such "little people" who were the prime owners of entry-level rental housing. Buying, or inheriting, a nearby property and fixing it up to rent out to others has been a classic way for modest-income individuals to get a start at business and the acquisition of family wealth. Through most of U.S. history, ownership of decent neighborhood rental properties has been widely dispersed among myriad small private owners, many of whom lived in or adjacent to the rentals themselves.

Landlording is an occupation with much to offer the struggling and upwardly mobile. Ownership of a one- to four-family home in particular is in many ways an easy-entry, semi-skilled management occupation, one in which one's own labor (so-called "sweat equity") can be a great aid. Landlording can allow a family to meet mortgage payments that might otherwise be out of reach. It often allows mutually advantageous living arrangements with extended families, a favorite application among immigrant families.

And neighborhoods in turn benefit when small, self-interested landlords are dispersed throughout their midst. Small landlords, especially those living in the buildings they own, have an obvious incentive to maintain them, and may do so by arranging deals with tenants in exchange for discounted rents. Resident landlords are also exceptionally helpful in screening tenants—keeping out problem renters in part because of their own interest in living in a safe building.

Admittedly, I'm not a disinterested party. For the last 20 years I've owned and occupied one half of a side-by-side duplex. With the rental income helping my wife and me pay the mortgage, this arrangement allowed me as a young newspaper reporter when we bought the house to buy into a community where I otherwise could not have afforded to live. We've also tapped into tax advan-

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tages most middle-income Americans miss. For example, half the cost of the new roof or gutters is deductible, even though the cost is not fully double what installation on a single-family home would cost. In addition, the value of the rental unit can be depreciated for tax purposes, which lets us shelter part of our rental income. These benefits and the rental income have allowed my wife to work only part-time and so be home after school while we've raised three children.

Landlording also has its share of nonmonetary rewards—including knowing that the captain of our successful high school basketball team might not have been there if we hadn't decided to rent to his mother ten years back, even though she was then a single parent. She seemed reliable, and was.

The value of small-scale landlording has long been noted by students of cities. In his classic 1966 book *The Tenement Landlord*, urban studies scholar George Sternlieb observed that even in the worst neighborhoods one frequently finds "well-kept parcels...not infrequently owned by resident landlords." Sternlieb told the story of "a Negro couple in their forties. Mr. X works at the post office, his wife works at Western Electric as an assembler. The parcel (in Newark) which they presently occupy is their second house. The first was poorer than the present one. When this present parcel is paid off, they hope to sell it and in turn move to get a better home. The rentals make it possible for them to essentially carry the house on a minimal out-of-pocket cost; and to this degree the tenement ownership is a path to upward mobility."

This time-honored path continues to be trod today. In my own town just outside Boston, frame tenement neighborhoods built decades ago for Irish immigrants are now home to extended Asian families, Haitians, and Hispanics.

Landlording doesn't just make sense at the lower end of the income spectrum where owner-contributed blue-collar labor can substitute for income. It can also be useful for buyers like the young (untenured) professor I know who, planning a move to Princeton, found that he could live in a relatively high-priced locale by buying a house and renting out its first-floor apartment. "As our incomes go up, we may stop renting it and use it for the kids," he says. "But for right now, it's perfect."

In addition to helping pay the mortgage, landlording can be a way for middle-class owners to save. When William and Susan DeColaines became concerned that his employer did not offer a pension plan, they decided to make a small real estate investment as their nest egg. Armed with Susan's firsthand knowledge of working class neighborhoods in Boston's Dorchester section, the couple bought a three-family home—notwithstanding the 18 percent interest rates at the time.

Ultimately, they were able to refinance at a lower rate and realize a rental income of $2,100 a month—enough to help them buy another two-family house in small-town Vermont. They keep costs down through Bill's ability as a handyman (he's an engineer by training) and through agreements with tenants, with whom they're on good terms, to mow the grass and shovel snow. "On the rare occasions we've had to chase down the rent," says Susan, "I start to think about selling. But it's been on the whole a good investment and an enjoyable one."

If small property management can be a source of extra income, it can also be the start of bigger things. When Luis Casal came to this country from Uruguay 15 years ago, he found work as a baker in a well-known Boston restaurant. His goal: to open his own bakery. Part of his strategy was the purchase of a three-family house in the lower-middle-class suburb of Quincy, where he was able to live inexpensively and collect rents that he saved. With the bankroll he built up Casal eventually opened his bakery and an adjoining restaurant, which he later sold to finance his purchase of real estate on a bigger scale: a 24-unit apartment building that today is his chief source of income.

Casal continues to apply small landlording techniques to this larger building—draining and removing broken hot water heaters himself, for instance, so that he pays for as little of a plumber's time as possible. Casal found that the techniques of small landlording prepared him well to run a larger building: "Even with 24 units, there's still only one roof, only so much yard to take care of. It's not that different."

In addition to helping individuals, landlording also benefits society at large, particularly in low-income neighborhoods. Before government began building "public" housing, even very poor American neighborhoods had a large percentage of resident owners—contrary to the stereotype of greedy absentee slumlords preying on the unfortunate. In an 1894 study, for instance, the U.S. Commissioner of Labor found that even in the "slums" of Chicago, 36 percent of residents lived in a building occupied by its owner. This figure would have topped 50 percent if it counted as landlords those renters who sublet part of their unit to lodgers.

Poorer neighborhoods that have high proportions of owner-residents are qualitatively different from neighborhoods dominated by large rental complexes that are subsidized or owned by government. Owner-residents are likely to be selective about tenants, with whom, after all, they will have to live. This creates islands of responsible and hard-working families even amidst poor areas. These families are likely to take pains to discipline their children, so as not to offend and possibly lose tenants. They are likely, like Susan DeColaines, to make informal arrangements with tenants for reduced rent in exchange for maintenance chores. And because they have a great stake in maintaining or increasing neighborhood property values as a path to their own upward mobility, they are strongly motivated to push for good city services and schools.

Given its combination of individual and social advantages, one would think small landlording would be popular, and encouraged by public policies. But in recent years the trend has been downward. Census data show that in 1940, two- to four-unit residential buildings constituted 13 percent of American housing. That percentage held steady or

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increased until 1970, when it peaked at 14 percent and began a sharp decline. By 1993, it had fallen to 10 percent.

To some extent, affluence and changing tastes play a role in these trends. Small, multi-family structures are more common in older, central cities, many of which have lost population. Meanwhile the American preference for the single-family home has, if anything, strengthened.

But the operations of the secondary mortgage market (anchored by the government-chartered giants, Fannie Mae and Freddie Mac) have also worked against small multi-family homes. Inevitably, the secondary market would rather assess the default on a single large rental building than on a great many small ones. This feeds the decline of small multi-family homes and the healthy landlording they make possible.

Public policies have also hurt small landlording at the lowest end of the housing ladder. Public housing projects—often built on sites cleared of private housing—have directly competed with tenement landlords, offering more space and, at least when new, greater amenities for less cost. All this might seem desirable, but only if one looks at housing strictly in narrow physical terms (rooms per residents, for instance) and ignores the social implications of replacing the owner-tenant relationship (in which each side exerts some control on the other) with government bureaucracy. As is well known, the social fabric in virtually all public housing today except that reserved for the elderly (and even some there) is in disastrous shape.

One way out of our public housing mess might seem to be expanding housing vouchers for the poor, so that they could more easily pay rent in privately-owned buildings. But these so-called "Section 8" subsidies actually work against small landlords. For one thing, free vouchers tend to go to big absentee landlords, who are better prepared to deal with the bureaucratic hurdles involved, and who buy up blocks of property just for the purpose, to the disadvantage of smaller players. Also, the vouchers diminish traditional incentives to be choosy about tenants—both because owners are more distant and because the rent is not really paid by the tenant. The best solution by far for today's public housing crisis would simply be to close it down, and encourage expansion of the private market for entry-level rental housing through regulatory abatements.

Fixing up and renting out a nearby property has been a classic way for modest-income individuals to get a start at business.

Unfortunately, there are many government regulations today that discourage people from entering the landlord business. "The interest, the enthusiasm, the desire is there, but once folks get into it, they're hit with impediments," says Patricia Callahan, executive director of the American Association For Small Property Ownership, an advocacy group for small residential and commercial landlords. Talking to Callahan and her members, or reading back issues of the group's newsletter, *The Small Property Owner* (www.smallpropertyowner.com/-aaspo, one gets a flavor for the long, twilight struggles between landlords and regulating authorities.

Some sample complaints:

- Laws demanding "just cause" for eviction, rather than allowing traditional 30- or 60-day notice periods after a lease expires. These laws make it difficult for working-class African-American landlords to evict drug dealers and other criminals, writes Oakland housing management consultant Gregory McConnell. At the same time, landlords are increasingly liable for legal judgments if they *fail* to take action against such tenants. Thus small landlords must often resort to leaving rental units vacant and foregoing income, rather than taking a chance on a tenant they may not be able to evict.
- Similar tenant-oriented laws are allowing owners of small rooming houses to be victimized by deadbeat tenants, reports Adrian Tiemann, head of a New York group called POW (Property-Owning Women). She tells of a retired schoolteacher who was cuffed and held overnight in jail after her tenant claimed he had been illegally evicted.
- Lead paint removal laws. Building rehabilitation specialist Clarence Jones says they threaten to impose costs greater than the entire market value of some rental properties, despite scientific uncertainty over whether environmental lead is as harmful as current laws imply, and serious disagreements over whether removal is really the safest treatment in most cases.

Laws like these leave many small landlords feeling strained and trapped. Half of the owners of small multi-family houses own only one unit, often a dwelling in which they used to live themselves. Some of these are presumably older homes left behind in lower-income neighborhoods, difficult to sell. Making responsible landlording more profitable in such neighborhoods may require changes in both public policies and public attitudes.

On the other hand, in relatively stable, middle-income neighborhoods where local government is not hostile to landlords, property management on a small scale is already a good and rewarding part-time second job for millions of Americans. This needs to be recognized and encouraged.

The first thing that needs to be more broadly understood is that when small property owners make gains for themselves, they are also conferring important benefits on their communities. They produce what's now called "social capital," for which there is no easy substitute. In the process they greatly profit the surrounding neighborhood. It's time for city councils, legislatures, and courts to stop thinking of landlords as bad guys.

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Business Boom, Business Bust... It's the Culture, Stupid

By Joel Kotkin

Back in 1994 when Andrew Segal graduated from New York University Law School, he had a big head start toward business success—a million dollars in family money burning a hole in his pocket. Young, aggressive, and full of entrepreneurial energy, Segal looked around the country for a way to leverage his million into a big-time real estate empire.

He went south, to the wide open spaces of Texas. It was not a conventionally clever choice. The Texas real estate market had been in the dumps for nearly a generation. "The whole real estate infrastructure here was dead," Segal recalls from his Boxer Properties office on downtown Houston's seedy Main Street. "These buildings had lost 90 percent of their value overnight in the oil bust. It was a totally open field."

Yet from the moment he got off the plane in Dallas, Segal knew he had made the right move. Owners of properties swarmed around him, eager to unload their buildings at a fraction of their original cost. With a lower debt structure, Segal then was able to lower rents and entice new tenants. As Dallas's economy began to pick up in 1994, so too did Segal's profits—buildings he had purchased at $4.75 a square foot now fetch $8 to $9.00. With seven Dallas properties in his portfolio, Segal turned his attention to Houston, whose property market seemed to most investors as flat as the bayou country itself. "It made Dallas look good," he recalls.

Today Segal's 26 Houston buildings are beginning to experience the same kind of turnaround. Over the past year, he has leased some 600,000 square feet and gained 400 new tenants. Nor was he alone: Last year Houston ranked second in the nation in net new office occupancies, driving vacancy rates downward.

Although he's not yet a Texas version of Donald Trump or Sam Zell, the 29-year-old Segal has seen his real estate revenues grow to an impressive $17 million annually. "There's the beginnings of explosive growth here but very few people have focused on it," he maintains. "People still look for oil companies that can buy up big blocks of space. What I did is turn my focus on smaller companies and startups, because that's where the growth is."

When looking for reasons behind regional success stories like Houston's, analysts usually point to such factors as universities, airports, and tax policies. But for entrepreneurs like Andrew Segal, business opportunity has more to do with what might be called *cultural* factors—for instance, a willingness to accept risk taking, and to help newcomers forge their way in the local economy.

In old business hubs such as New York, Segal believes, people are overly concerned with their place in the hierarchy, craving security and status more than profit. In Houston, he met older entrepreneurs willing to speak openly about making and losing fortunes, which made failure a less daunting prospect.

American history has long been a story of cities that developed such a risk-taking entrepreneurial culture, and those who lost it. In the early days of the Republic, it was Boston and then Philadelphia who were the commercial kings. Then they ceded the initiative to the less cultured, more aggressive New York. With the vast resources of a continent at its back, New York assaulted the world's financial markets, seizing the initiative from London by the 1920s.

But the focal point for America's entrepreneurial culture has now moved largely outside Gotham and other old eastern business capitals to newer frontiers, mostly in the south and west. In cities like Houston, new businesses are starting up at far faster rates than in places like New York, Boston, or Chicago.

At the same time, there has been a second basic migration away from established business centers even in the south and west, toward so-called "edge cities" along urban peripheries. More recently, some entrepreneurs have forsaken the

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metropolis entirely for new opportunities in smaller towns and rural areas.

Generally speaking, these emerging entrepreneurial cultures flourish in places with low taxes, light governmental regulation, moderate labor and housing costs, and good schools or infrastructure. But not all places with these characteristics enjoy strong entrepreneurial growth; low costs have not turned Buffalo or Rochester into entrepreneurial havens; low taxes and easy regulations haven't spared Omaha, New Orleans, Des Moines, or Birmingham from low levels of job creation and business start-ups. And on the other side of the ledger, California's Bay Area, Seattle, Boston, and Los Angeles—all high-cost, high-tax, high-regulation economies—are now enjoying robust small business and job growth. So economics matters. But so does the business "culture."

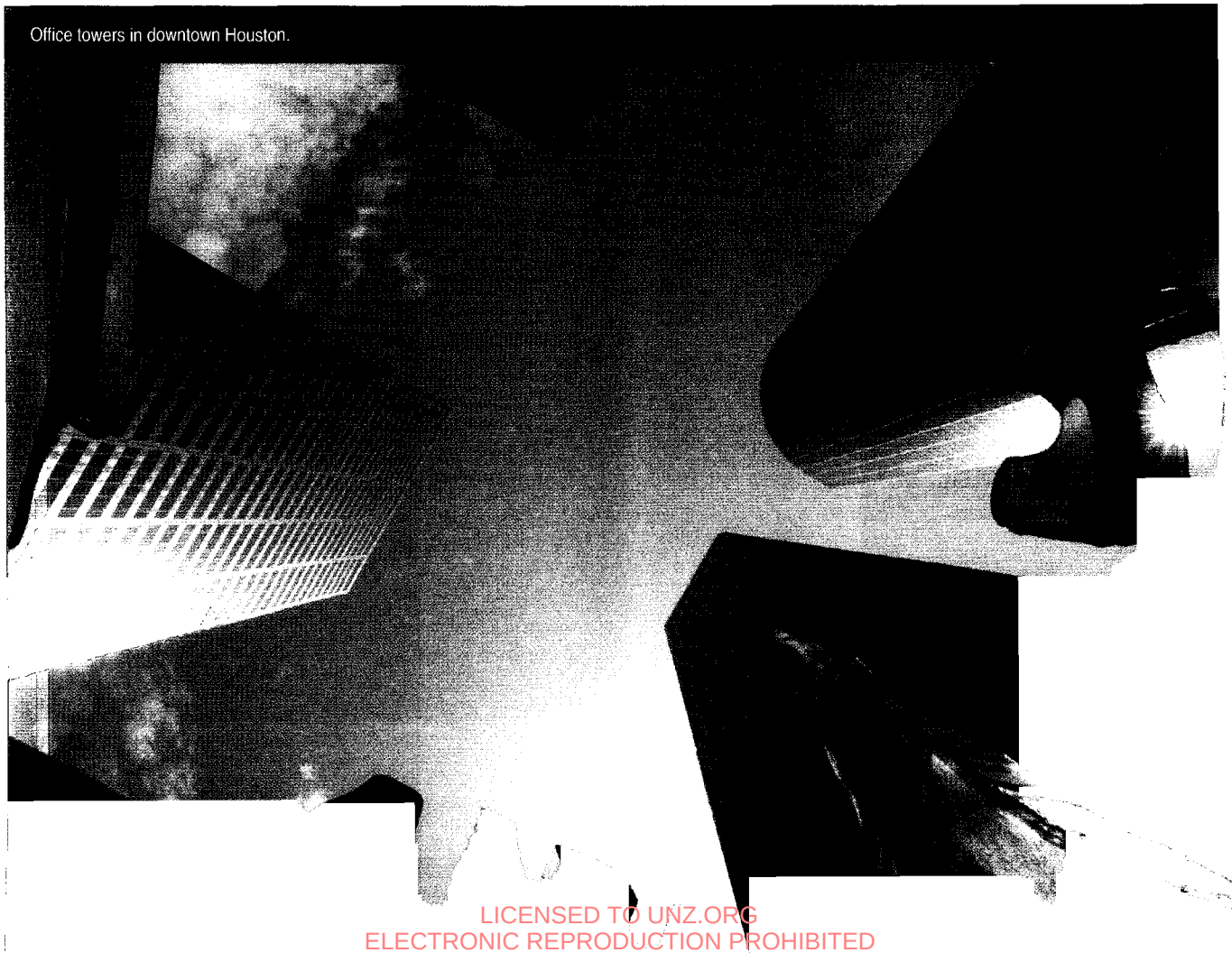
The secret of most entrepreneurial boom cities is that they boast low taxes and loose regulatory regimes *plus* large, growing populations of business-minded, hard-working, highly motivated people. (Immigrants are an important part of this mix in many places.) "It's like a bunch of squirrels looking for nuts," observes Charlie Wilson, a 27-year-old entrepreneur who has built his own successful salvage company in Houston. "Everyone is coming here because it's cheap, and people are getting into a lot of new businesses."

Houston boasts the kind of unabashedly egalitarian spirit that nurtures entrepreneurs and new companies. "This is the kind of city where nobody cares where you came from," says Debra Ward, whose ten-person public relations firm last year grossed roughly $1 million. "If you can produce, it doesn't matter who you are. When I talk to CEOs here, I find that a lot of them were brought up in a trailer park too."

This classlessness is reflected in the strong cooperative spirit that exists among Houston entrepreneurs. "Being an entrepreneur is essentially lonely, but here you can be part of a community too," Charlie Wilson explains. "These guys put me on the spot all the time, challenging how I do my business. They are always saying, 'don't get radical on me,'" Wilson says, with a boyish smile. "You build a real camaraderie with them. In some ways, Houston's still a small town where everyone knows everyone and people like to see other people succeed. It's part of the magic of the place."

Entrepreneurial souls come in decidedly different casings. While Houston entrepreneurs like Charlie Wilson talk unashamedly of religious and moral character as key to their success, in southern California, the spirit tends to be individualistic, creative, and anti-

Joel Kotkin is the John M. Olin Fellow at the Pepperdine Institute for Public Policy and a senior fellow with the Pacific Research Institute.



Office towers in downtown Houston.

Tim Thompson/Corbis

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establishment. Southern California remains one of the nation's leading entrepreneurial hotbeds—last year producing the most new companies of any part of the country—in part because the region traditionally has little respect for established hierarchies.

In contrast to the generally supportive environment in Houston, L.A.'s business, media, and academic establishments reacted to hard times in the early 1990s by denouncing the city as a kind of Third World dystopia.

Yet the Los Angeles economy has recovered strongly, and in Houston, it's been little guys who have led the effort. "The expansion is all in the small companies. Nothing much is happening from the larger companies," observes Linda Griego, president of the economic development organization formed after L.A.'s 1992 riots.

Nowhere is this entrepreneurial resurgence clearer than in small, business friendly southern California cities like Burbank. Long the home of studios like Disney and Warner Brothers, the city of 98,000 now provides a comfortable base for over 1,000 smaller entertainment and technology firms. Its office and industrial vacancy rate is one-third that of big business-dominated downtown Los Angeles, right next door.

One key, as in Houston, lies with politics. When Burbank's largest employer, Lockheed, deserted town in the early 1990s, taking with them 14,000 high-paying aerospace jobs, the city streamlined regulations and offered business incentives in order to bolster their second largest source of jobs, the movie and television business. Meanwhile politicians in Los Angeles, Burbank's main competition, decided to keep fees high and the regulatory regime in place. Burbank became the unlikely first choice over Hollywood for many expanding entertainment firms.

Burbank's business taxes total less than $20 per employee, compared to over $140 in L.A. Perhaps more importantly for a fast-paced business such as entertainment, Burbank can complete a conditional use permit or zoning change at about one-third to one-quarter the time required by the City of Angels.

American history has long been a story of cities that developed a risk-taking entrepreneurial culture, and those who lost it.

Kansas City native Bob Tague, Burbank's beefy community development director, notes over cappuccinos that "We still have a blue collar image—you don't have the ocean breezes and the big estates." But what they have may be more important, as Theo Mayer, who moved his small entertainment company called Metavision from Hollywood to Burbank in 1990, notes: "I'm a middle class yuppie and I like to be comfortable. Hollywood was getting creepy," Mayer recalls. "We were losing equipment and had to walk people to their cars at night. I loved it when the cops in Burbank gave me a jaywalking ticket."

Not all entrepreneurial cultures flourish amidst great metropolitan regions. For many entrepreneurs, the friendliest places to live and build a business are in suburb-like "edge cities." Today nearly two-thirds of the nation's office space is located in such places, roughly four-fifths of which did not even exist 25 years ago. According to demographer David Birch, president of Cognetics, areas 25 miles out of a city center have enjoyed job growth rates of over two percent annually since 1990, while those within ten miles expanded at roughly 1.5 percent and those within five miles grew 0.5 percent. In inner cities themselves, job growth has been negative.

The most successful edge cities combine lifestyle, cost, and security attractions with a first-class business infrastructure. Science-based hubs Austin, San Jose, Orange County, California, and the Raleigh-Durham "Research Triangle" provide a highly ordered business culture that is perfectly suited to the high-tech crowd. "Engineers and software people are folks whose whole lives are based on logic and order, so this place appeals to them," observes David Russo, director of human resources at Sass Institute, a Raleigh-Durham software firm with revenues of over $500 million.

Raleigh-Durham added 87,000 new residents between 1990 and 1995, with companies and people surging in particularly from the northeastern U.S. So heavy is the migration that Cary, a fast-growing local edge city, has been dubbed "Containment Area for Relocating Yankees." The lure has been development of a series of northeastern parks close by three local universities—Duke, the University of North Carolina, and North Carolina State. The arrival of a massive IBM facility in 1973, now Big Blue's biggest outpost in the world, put the region on the map. Other big firms like Burroughs, Glaxo, Wellcome, and Northern Telecom followed.

More recently there have been downsizings in some large firms, and the big company orientation has given way to a more entrepreneurial configuration. Many of the smaller companies have based their growth on a talent pool lured initially by large companies.

With annual sales approaching $1 billion, Quintiles is a quintessential Research Triangle company specializing in bio-statistics. Here advanced mathematics computer modeling is applied to the needs of biomedical, pharmaceutical, and chemical firms. Most of the 600 employees at the North Carolina headquarters are highly trained white-collar workers—doctors, pharmacologists, computer programmers.

"We're a very fast growth company and we are recruiting in occupations where there's often a scarcity," company founder and CEO Dennis Gillings explains. "But the good news is we can get people locally. We don't relocate a lot of people. This area tends to keep people because they like it here."

Another place that appeals to propeller heads, geeks, and scientists is the city of Irvine in southern California, concocted three decades ago as the antidote to chaotic Los Angeles 40 miles to the north. Today where only rolling Cal-

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ifornia savanna stood, a city of 118,000 residents and companies employing over 165,000 people has evolved. Like the Research Triangle, its development was begun by bigger firms, such as Baxter Laboratories, Mazda, and Toyota, but its company roster increasingly reflects smaller, growing concerns. Last year, the city produced nine firms on the *Inc.* 500 roster of fastest growing businesses, more than any community—large or small—in the nation.

Like many of Irvine's entrepreneurs, Angel Cordero, founder of Powerwave Technologies, a firm with 1996 sales of roughly $50 million, didn't start in Irvine. He started Powerwave, which makes amplifiers for the telecommunications industry, in 1985 in Garden Grove, an older industrial area southeast of Irvine. It was a convenient, cost-effective location. But Cordero would sometimes leave his office and find drunken revelers on the lawn in front of his building. "It wasn't the atmosphere we were looking for," says Cordero, an engineer originally from Mexico. "People started finding their cars broken into and women didn't want to stay there at night to work."

So in 1993 Cordero moved Powerwave to Irvine, which boasts the lowest local crime rate of any American city over 100,000. Over 50 percent of Irvine's adults possess at least a college degree, well over twice the national average. Irvine also has the advantage of being located amidst a dense concentration of technology companies—including such firms as Western Digital, Toshiba, ALR, and AST Research—providing a talent base critical for rapidly expanding firms.

In the 1990s, a dramatic new locale for entrepreneurial activity lies in predominately white, small town and rural communities far from traditional commercial centers. After dropping for decades, the U.S. rural population has been accelerating, fueled largely by ex-urbanites.

Like the Edge Cities, rural Valhallas have outperformed the rest of the nation as centers for entrepreneurial growth. Even in the midst of the early 1990s recession, 82 percent of manufacturing-oriented rural counties experienced growth. Indeed Calvin Beale, a researcher with the U.S. Department of Agriculture, notes that the 1990s downturn constituted essentially a "metropolitan recession," with businesses and individuals packing off for the hinterlands. "People want to get out because of the high costs, the turmoil, the crime, the pollution, the changing racial mix," Beale explains.

Economics matters. But so does the business "culture."

Valhalla migration has occurred in a broad array of locales, varying from Flagler County in eastern Florida to Arizona's Mojave County to Pike County, Pennsylvania. These areas have attracted entrepreneurs interested in the "lifestyle" aspects of rural locations.

"Am I sorry I moved?" asks Staten Island native Steve Valenti, President of South Florida Bank. "Never, never, never. I was at 42nd and Park Avenue, and one day I left the office and half-way across the street almost got run over. I realized that at some point you have to put some price on the quality of life—and my quality back there stunk."

It's largely professionals like Valenti—already successful and "liquid"—who are bringing new entrepreneurial life to America's Valhallas. Carol Conway, a former IBM executive who spent much of her earlier career in such high-tech hotbeds as Orange County, San Jose, San Francisco, and Dallas, migrated with her husband to the flat marshy coastlands of southwest Florida seeking a place that would be pleasant to live in as well as meeting their economic needs.

For years this area—home to the cities of Naples and Fort Myers—has been a destination for retirees and vacationers, but Conway also discovered a low cost locale, with median home prices under $80,000, and a surging full-time resident population, with 10,000 people now moving in annually. Though not on the cutting edge of the high-tech revolution, southwest Florida had an expanding number of home-based and service businesses requiring reliable experts to help maintain their computer systems.

With these factors in mind, Conway in 1993 bought a struggling "mom and pop" computer repair shop for $125,000 and renamed it The Computer Rescue Squad. Since then, it has grown to 18 employees, serving 605 clients spread throughout the sprawling region. Sales last year were $2.1 million, more than double the previous year.

"There was nobody around here with a background in on-site network support," says Conway. "Many businesses here—the bread and butter of our community—are smaller companies with five to 25 PCs. Companies big enough to need help, but not so big as to have their own information service managers. It's not Silicon Valley, but it's turned out to be a nice little market for us."

Ultimately, though, Carol Conway says it's the cultural aspects of doing business in the Naples area that brings her the most satisfaction. "In a growing place like this there is really no established pecking order," she observes. "You feel you can come here, roll up your sleeve, build a business, and share in the growth of a great community. You're not just a shooting star out alone, but part of a network of people."

Perhaps more than anything else, it is that sense of connectedness that marks all great entrepreneurial cultures, whether along Florida's humid coast, amidst the creative studios of Burbank, the sleek high-tech facilities of a Raleigh-Durham, or the gritty streets of downtown Houston.

"At the end of the day, it boils down to people who share values and know how to deal with adversity without losing faith," Houston's Charlie Wilson says. "You have to have the faith that if you work hard together, you can make it better. And we can, you know."

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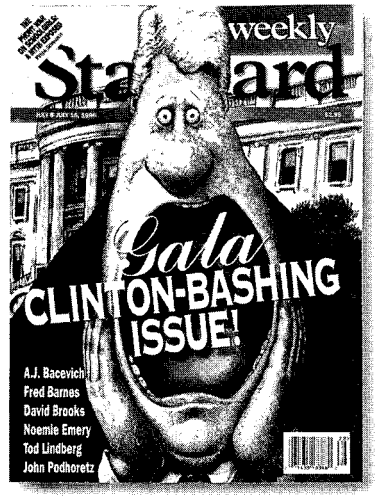

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Transcript

WORDS WORTH REPEATING

ADDING THE FUEL OF ECONOMIC INTEREST TO THE FIRE OF INVENTION

By Michael Novak

On a cold winter day in February 1859, in Jacksonville, Illinois, Abraham Lincoln delivered a "Lecture on Discoveries and Inventions," in which he described six great steps in the history of liberty since the time of Adam. The last of these great steps, Lincoln held, is the law of copyrights and patents. Until I read Lincoln on this point, I had never encountered anyone who gave patents and copyrights such high importance.

On that cold day on the Illinois prairie, you must imagine Lincoln, tall and gangling, gazing across the stove- heated room. "Look around at Young America," he says. "Look at his apparel, and you shall see cotton fabrics from Manchester and Lowell; flaxlinen from Ireland; wool-cloth from Spain; silk from France; furs from the Arctic regions, with a buffalo robe from the Rocky Mountains." On Young America's table, one can find

> besides plain bread and meat made at home…sugar from Louisiana; coffee and fruits from the tropics; salt from Turk's Island; fish from New-foundland; tea from China, and spices from the Indies. The whale of the Pacific furnishes his candle-light; he has a diamond-ring from Brazil; a gold-watch from California, and a Spanish cigar from Havanna.

Not only does Young America have a sufficient, indeed more than sufficient, supply of these goods, but, Lincoln adds, "thousands of hands are engaged in producing fresh supplies, and other thousands, in bringing them to him."

Thousands of years, however, were needed to develop the habit of observing, reflecting, and experimenting, and then to spread that art throughout society. Some societies develop that habit socially, and some do not. Why, Lincoln asks, when Indians and Mexicans trod over the gold of California for centuries without finding it, did Yankees almost instantly discover it? (The Indians had not failed to discover it in South America.) "Goldmines are not the only mines overlooked in the same way," Lincoln notes. Indeed, there are more "mines" to be found above the surface of the earth than below: "All nature—the whole world, material, moral, and intellectual—is a mine.... It was the destined work of Adam's race to develop, by discoveries, inventions, and improvements, the hidden treasures of this mine."

The crucial step in opening up America's wealth mine was the adoption of our Constitution—in which the word *right* occurs only once, and that in Article I, section 8, which recognizes the natural rights of authors and inventors to the fruits of their ingenuity. Among the few powers expressly granted to Congress, the Framers inserted this one: "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."

"Before then," Lincoln says, "any man might instantly use what another had invented; so that the inventor had no special advantage from his own invention." Lincoln cuts to the essential: "The patent system changed this; secured to the inventor, for a limited time, the exclusive use of his invention; and thereby added the fuel of *interest* to the *fire* of genius, in the discovery and production of new and useful things."

"The fuel of *interest* added to the *fire* of genius!" Ever the realist, Lincoln knew what is in the human being: to be a genius is one thing, to be motivated is quite another, and then to be supported in this motivation by a wise regime is an unprecedented blessing. By contrast, a regime that does not secure natural rights depresses human energy. Natural rights are not mere legal puffs of air; they formalize capacities for action that in some societies lie dormant and in others are fueled into ignition.

The United States, Lincoln believed, lit a fire to the practical genius of its people, among the high-born and the low-born alike, wherever God in His wisdom had implanted it. In the same year as his lecture, 1859, Lincoln himself won a U.S. patent, number 6469, for a "device to buoy vessels over shoals." That patent is not a bad metaphor for the effect of patents on inventions: to buoy them over difficulties.

The effect of America's patent and copyright clause on world history has been remarkable. During most of human history, land had been the most important source of wealth; in America, intellect and know-how became the major source. The dynamism of the system ceased to be primarily material and became, so to speak, intellectual and spiritual, born of the creative mind. In favoring the Homestead Act and the patent clause, Lincoln aimed to prevent the American frontier from being dominated by large estates and great landowners, so that it might become a society of many freemen and many practical, inventive minds. And so it has: More than 5 million patents have been issued in the United States since the first patent law of 1790.

This is excerpted from a September 1996 Pfizer Lecture delivered at the American Enterprise Institute by the institute's George Frederick Jewett scholar, Michael Novak.

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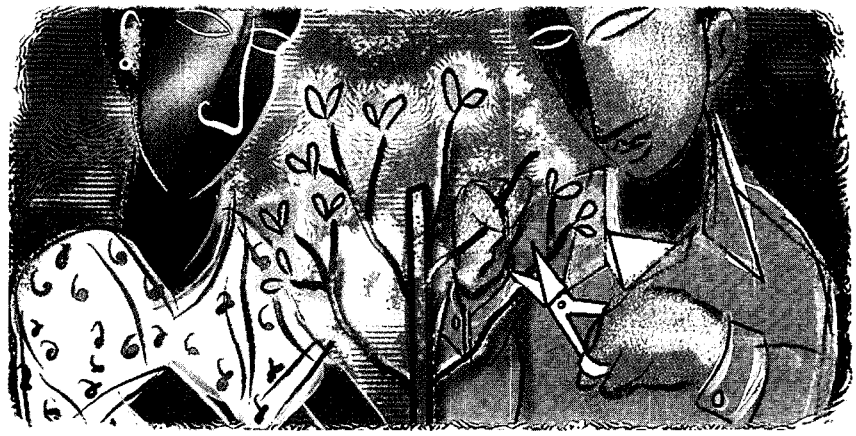
In Real Life

THE DAILY WORK OF AMERICANS



TO COMBINE DIRT, SEEDS, AND JUSTIN IN THE PROPER MIXTURE TO PRODUCE A BEAUTIFUL AND SALABLE PRODUCT IS A CREATIVE ACT.

THE RISKS OF A GROWING BUSINESS

By Blake Hurst

When we returned home today, my latest purchase and proudest capital improvement—a 20-year-old forklift—was precariously perched on the edge of the sidewalk, with one wheel no longer earthbound and the other three wheels mired in the kind of mud that only northwest Missouri in the spring can provide. The driver, and I use that term loosely, was my latest hire, Justin. Justin is 19, well over six feet, skinny, red-haired, and moves so slowly that sometimes I have to stop what I'm doing and just watch.

We grow bedding plants in 11 plastic-covered steel greenhouses with the help of Justin and eight other part-time employees. The business is at that awkward size between being truly an entrepreneurial venture and just a job for my wife Julie and me. Business guru Peter Drucker says an entrepreneur cannot be the one who sweeps the floor after the business closes; i.e., management requires some time for contemplation, and long-range planning, and whatever else it is that people like Bill Gates do. But our business is so small that we not only supply all of the management and capital, but also a good deal of the labor, including sweeping the floors and cleaning the bathroom.

It is not clear that what we do could be called entrepreneurship, and whether we want a larger business than the one we have, with all the attendant headaches, is the most difficult question we face. The *Wall Street Journal* recently reported on the increasing number of people who decline management positions. That does not surprise me and is news only to those who have never supervised somebody like Justin.

Although our business has increased in size each year for the past ten, our revenues are still about what a journeyman second baseman makes in a long homestand. Our growth has been limited by the conservatism ingrained in those who have been successful in agriculture. Farmers routinely accept returns on capital that would make Wall Street deal-makers blanch. In addition, those returns are hugely variable. Consequently, we use debt sparingly and only expand as fast as retained earnings and our labor allow. The market for our bedding plants urges us to expand faster, but caution restrains us.

That, and the need to hire more labor. Several years ago, we had an employee leave for the day without finishing watering a greenhouse, costing us several thousand dollars in sales. The same fellow, before I encouraged him to seek employment elsewhere, denuded another greenhouse of blooms to present to his lady love. We couldn't sell the plants and didn't know why they weren't blooming.

Or take the young man we hired as a favor to a family friend. She said he had had some troubles but was basically a good kid. His "troubles" were inflicted by a 12-gauge shotgun, evidenced by the shotgun pellet still lodged in his neck. Every time I began to point out his failings as an employee, the lump in his neck would remind me how his last dispute ended, and I would abruptly change the subject. He lasted a couple of weeks before deciding manual labor wasn't for him. His present employer is guaranteed his services for several years. A 5 to 10 stretch, to be exact.

Of course we have employees who are wonderful to work with, loyal to our business, and worth much more than we can possibly pay them. If we could find another half-dozen folks like them, we would have no qualms about increasing the size of our business.

Labor problems are not the only reason to remain at our present size. We are small enough now to fly under the federal and state radar, and that is not such a bad way to be. We have never talked to anybody from OSHA and are not large enough to worry about the Americans with Disabilities Act, the coming regulations on ergonomics, or an up-close and personal relationship with the Missouri Department of Natural Resources. Almost all government regulations place huge burdens on a business our size, and we are unequipped to deal with any increase in regulations or paperwork.

But balancing these reasons for re-

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maining small are strong inducements to expand. First and foremost, our oldest daughter, Lee, maintains that growing plants is what she wants to do. I hope she knows what she's getting into. We recently had four heaters blow out the same winter night. That made for a quick scramble, let me tell you. Some parents hope their daughter marries a doctor or lawyer. I'm hoping for a furnace repairman.

Being involved in a family business can be complicated. It only works if there is enough income for all the family involved—and to provide that much income, we will have to grow. Lee is entering college this fall; so we have some time to accommodate her entry into the business. It would be easier not to take the added risk, but my father increased the size of his farm so that I could begin farming, and Julie and I would like to do as much for any of our children who want to join our business.

Finally, there is the pleasure that comes from taking on new challenges. When our customers call and order plants and we turn down the order because we're sold out, my mind immediately turns to plans of more plastic and steel, bigger trucks, and more plants.

This spring I delivered flowers to a garden center that just spent several million dollars building what they claim is the largest conservatory in the Midwest. My delivery was delayed for nearly an hour while the head landscape designer "planned" a display area for my plants. It was made perfectly clear (although not in the spoken word, because obviously artists like him don't talk to truck drivers like me) that mere commerce would have to wait while this Frederick Law Olmsted with a ponytail did his work. The creative muse must not be rushed.

But to combine dirt, seeds, and Justin in the proper mixture to produce a beautiful and salable product is also a creative act. To start our own business and have it grow and succeed has given Julie and me as much joy as any artist takes from his work. And that's why the greenhouse catalogues are always close by my reading lamp.

Blake Hurst writes for The American Enterprise *when he's not too busy managing.*

LOST CLASSICS RESURRECTED

By George D. O'Neill, Jr.

As we started reading to our four children, my wife Amy and I became discouraged with the books we found in schools and stores. "Where are the wonderful books we read as children and our parents and grandparents read before us?" we wondered. We began to seek out classic books written during the early part of this century and soon discovered that antiquarian bookstores shunned such books, believing them to be of no value. The only shops that had them were cluttered, out of the way "junk" stores managed by eccentric individuals, like the elderly woman who smoked unfiltered Camels and stored books in empty Jim Beam whiskey cases. In this type of shop the books were never organized on shelves by subject but just stacked in the space available when they arrived—usually from an estate.

We made some great finds in such places. A dealer in Chicago had a few novels by G. A. Henty, a turn-of-the-century author who wrote 84 wonderful historical novels for teenagers. When we asked the dealer if he had any more such books, he replied that he had obtained a whole collection of similar novels from an estate.

ONCE WE STARTED TO FIND BOOKS FOR OUR CHILDREN, THE IDEA OF REPRINTING THEM FOR OTHER PARENTS FOLLOWED NATURALLY.

He was eager to sell because the fire marshal was pestering him. So we purchased 1,001 novels for $1,001, including works by Oliver Optic, James Otis, and Edward Stratemeyer. Stratemeyer sold six million copies of his various novels, many under pen names like Franklin Dixon (Hardy Boys), Clarence Young (Motor Boys), and Laura Lee Hope (Bobbsey Twins).

We discovered a wonderful series of history books by Edward Eggleston buried in an antique book archive in South Carolina. Eggleston was both an important and popular novelist and also President of the American Historical Association at the beginning of the twentieth century. His books bring history to life by depicting the lives of the history-makers.

In a textbook repository, a friend and her daughter spent days with me examining old readers and grammars to determine which were the best. We chose ones with lessons based on classic Western literature; as a child reads his exercises, he is exposed to the Greek myths, Shakespeare, Shelley, Longfellow, and many other great authors.

Once we started to find books for our children, the idea of reprinting them followed naturally, for surely other parents must be having the same problems. The first order of business was to choose a name for the new company. Lost Classics Book Company seemed perfect, because the books we found did indeed come from a "lost" civilization.

Two of the first titles we re-published were Stratemeyer's *Minute Boys of Bunker Hill* and *Minute Boys of Lexington*. These came to us from the estate of an old schoolteacher whose daughter was the neighbor of a friend in New Hampshire. We put out two of Eggleston's histories as well: *Stories of Great Americans for Little Americans* and *A First Book in American History*. We also included two grammars plus some adventure novels in our initial batch of reprints, just released. More books are in the pipeline.

In the process we've had to learn the vocabulary of book publishing, find printers, and start marketing. The Conservative Book Club, popular with homeschoolers, agreed to offer our books. Lost Classics Book Co. is on its way.

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Parents today are looking for good literature and wholesome reading. Who doesn't want their children to learn virtue, love of country, and good language skills from the books they pick up? Our books teach these things and instill a love of reading as well. Our next installments will include another history book, a series of readers, several more Henty novels, and James Otis's *Mary of Plymouth*, a story based on the account of a young girl who was one of the first pilgrims to settle in the New World.

We are beginning to distribute in stores and are running ads in homeschool, religious, and conservative publications. We also have a Web site: www.LostClassicsBooks.com. Publishing is a tough business, but we have faith that God will help us. And we know there are many parents out there who want their children to have books like ours.

George D. O'Neill, Jr. is a director of an investment firm and founder of the Lost Classics Book Company, which can be reached at (888) 611-2665.

JOINING THE MOVEMENT

By Hendrik Mills

A bunch of country boys were crowding me, pushing me to join their group so I would get along in this rural town of 800 in northern Montana. I had deliberately left behind big-city life and the left-wing causes I used to espouse; so I couldn't complain about the good ol' boy peer pressure. But should I just go along to fit in?

Ask a typical left-of-center urban person today what comes to mind at the mention of white men in pick-up trucks with rifle racks becoming organized in a remote farming region. Aren't these the kind of rednecks who organize dangerous militias? Isn't this the soil of dark, reactionary conspiracies?

"Well, you're going to do it, aren't you?" they asked. I had to come up with an answer quick. Something made me want to do things their way and be a part of the community, so I gave in. "OK, I'll apply to join the fire department."

Some months after, at the housewarming party my wife and I were giving for about 25 people, I was just settling down for a leisurely talk with two men when our pagers went off. A possible fire had been reported at the Grand Theater downtown. Those two men, like me, are members of the Harlem Volunteer Fire Department. We quickly sprinted across the street into the truck of one of my companions.

At the fire hall three blocks away we threw on our uniforms. The main truck was already started, and the assistant chief was yelling at us to jump in. The pumper left the station with five aboard, lights flashing, siren wailing. As we rode, I was told to be hydrant man. "OK," I shouted, but I was thinking, "Now how do you hook up the hose to the hydrant again?" It had been a while since I'd practiced that. I reviewed in my head all of the steps involved in connecting the supply hose to the town water system, and just as we arrived I believed I could do it.

Jumping out of my backwards-facing perch, I grabbed the tool bag, unscrewed the truck's supply pipe from its storage area, wrapped it around the hydrant, stood on the end of the hose, and yelled a go-ahead to the driver. The truck roared up the half-block to the theater with the hose unfolding itself onto the street. I remembered how to open the hydrant cap, how to attach the hose, and how to get positioned to open the shut-off valve. Then I gave a wave and a shout that let the rest of the crew know I was ready to unleash water pressure.

Meanwhile, I could see other guys getting ready to air-pack. "Air-packing" means slinging a heavy canister of compressed air onto your back and putting a mask and goggles on your face, so you can breathe safely in the presence of smoke, heat, or toxic fumes. About this time, several other firefighters arrived on the scene with a couple smaller trucks, and a team of three entered the smoky building. I opened the hydrant, and to prevent hose freeze-up that winter night in northern Montana, the "nozzle man" started a small flow of water running into the gutter. So far, all we knew was that the theater had begun to fill with smoke while a show was going on, that the patrons had left, and that no flames were visible.

We investigated every nook and cranny of the theater and its surroundings. The Indian reservation four miles away sent two fire trucks and about four firefighters in case we needed help. An Indian firefighter joined two of our guys to form a second air-pack team that climbed up a ladder to the roof of the theater to check for hot spots or anything else suspicious. We looked through the basement, then called the state fire marshal, who was 45 miles west, and stood around waiting with the ranching family who operate the theater on weekends as a sideline. They gave us free popcorn. Finally the fire marshal arrived and looked around. It turned out the cause of all this uproar was an overheated high-intensity bulb in the movie projector, which gave rise to a lot of smoke, but no fire or threat to life.

I unhooked the supply hose from the fire hydrant. We drained it and folded it onto the truck in the right pattern so it would come off properly for the next call, and drove back to the fire hall.

All told, nine volunteers gave several hours to the call. Who were they? Kyle works a family farm with his parents. James is a farm hand and handyman who works when and where he can. George repairs and mounts tractor and semi-truck tires for a living. Ed is mildly retarded and works at a local sheltered workshop. Robert maintains county roads and bridges. Philip is a member of a Hutterite colony, theological cousins of the Amish, and farms there. Danny is an ex-Hutterite and farms huge tracts in partnership with his cousin. Ruben owns a clothing store on Main Street and is the town judge. I am an urban refugee and auto mechanic.

Later I asked my buddies why people join an unpaid volunteer fire-fighting force. They gave several answers. "'Cause they're nuts!" "Because everybody has to try something scary once." "We know just about everyone in the community." "You feel like you're an important part of the community when you're serving them." "Camaraderie."

There certainly is a demand for would-be heroes, even if they're just part-time. Let's hope there's always a supply.

Hendrik Mills is a new contributor to The American Enterprise.

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Wealth-builder Beware

Make sure your legacy goes where you want

By Martin Morse Wooster

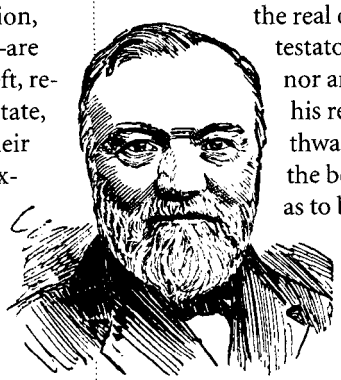
Take a close look at the foundations set up by pioneering businessmen and you'll find a curious paradox. The heroic entrepreneurs whose fortunes endowed America's leading charities—men like Andrew Carnegie, Henry Ford, John D. MacArthur, and John D. Rockefeller—tended to be conservatives or libertarians. They were champions of limited government, free enterprise, and traditional virtues.

But the foundations they created—the Carnegie Corporation of New York, the Ford Foundation, the John D. and Catherine T. MacArthur Foundation, and the Rockefeller Foundation—are now all pillars of the American Left, reflexive champions of the welfare state, and deeply enmeshed in causes their founders would have hated. For example, John D. MacArthur referred to environmentalists in a 1974 interview as "bearded jerks and little old ladies" who "are obstructionists who just throw rocks in your path." Today, the MacArthur Foundation annually donates millions of dollars to environmental groups.

Why do so many foundations veer away from the principles upheld by the men and women who originally built their assets? Scholars call this fundamental issue in philanthropy the problem of "donor intent": If you can't be sure that your wishes will be followed after your death, why bother to create a foundation in the first place?

The reasons foundations ignore their founders' intentions vary. Friends and associates of the donor die and are succeeded by trustees who did not personally know him. The abandonment of donor ideals is also a consequence of the professionalization of philanthropy, as far too many foundation officials believe their own views are more important than the donor's. Often politics also play a part, since it's usually conservatives who create wealth while liberals spend it.

Most of the time, the problem begins when a donor leaves no instructions on how his wealth is to be used. Consider Andrew Carnegie. In his famous 1889 essay "The Gospel of Wealth," Carnegie foresaw the problems of perpetual foundations. "The cases are not few in which the real object sought by the testator is not attained, nor are they few in which his real wishes are thwarted. In many cases, the bequests are so used as to become monuments of his folly," he wrote.



For most of his philanthropic career, Carnegie followed his own advice. He created nonprofit organizations with highly specific aims. These organizations, including the Carnegie Institution of Washington, the Carnegie Endowment for the Advancement of Teaching, the Carnegie Endowment for International Peace, and the Carnegie Institute (now Carnegie-Mellon University), still largely reflect Carnegie's wishes.

But by 1910 Carnegie still had half his fortune left; he was 75, exhausted, and bereft of ideas. "The final dispensation of one's wealth preparing for the final exit," he wrote to a friend, "is a heavy task…all sad.… You have no idea the strain I have been under." So in 1911, Carnegie decided to use $125 million, the bulk of his remaining wealth, to create the Carnegie Corporation of New York. But he left no instructions on what the new foundation was to do. The Carnegie Corporation's trustees, he wrote, "shall best conform to my wishes by using their own judgment."

These trustees have used their judgment to fund projects that attack Carnegie's beliefs. For example, Carnegie was opposed to government-funded welfare programs, which he argued would "foster the idle and improvident at the expense of the industrious and prudent.… Whenever paupers regard charity as a right, they are apt to demand it in cases where they would hesitate to ask for favors." The Carnegie Corporation, by contrast, was a leading supporter of President Johnson's Great Society welfare programs and continues to back big government. It provided substantial assistance to Marian Wright Edelman, for example, when she started the leftish Children's Defense Fund and still provides the group with generous support.

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>
> — Andrew Carnegie

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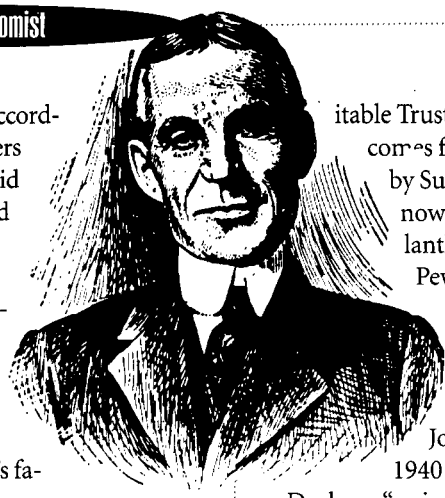

Other donors fail to restrict their foundations because they are far less careful in disposing of their wealth than they were in creating it. Henry Ford, for example, was a very charitable man. According to historian William Greenleaf, Ford contributed $37.1 million—one third of his lifetime income—to charity. Most of this aid went to two causes: the Henry Ford Hospital, a giant facility in downtown Detroit; and Greenfield Village, a living history museum near Ford Motor headquarters in Dearborn, Michigan.

But during Ford's lifetime, Ford Motor was a privately held family enterprise. If either Henry Ford or his son Edsel died, the family could afford to pay that man's share of death taxes on the Ford Motor stock he owned. But if both died, Ford Motor would have to become public, with profits from the sale of stock used to pay punitive death taxes. And so in 1936 Henry Ford created the Ford Foundation to preserve family control of Ford Motor. He made 95 percent of the Ford Motor stock into non-voting class-B shares and put it in the hands of the Ford Foundation, while the remaining five percent was class-A stock controlled by the Ford family.

Yet after carefully creating instruments to ensure financial control of the Ford Foundation, Henry Ford left no restrictions on the foundation's policies. After Edsel Ford's death in 1943 and Henry Ford's death in 1947, the Ford Foundation became the richest foundation in America. But in 1948, Edsel Ford's son and heir, Henry Ford II, signed a document that renounced family control over the Ford Foundation and stated that he would have as much influence (but no more) as any other foundation employee.

Throughout the 1960s, Henry Ford II watched helplessly as the Ford Foundation's other 15 trustees voted to spend vast sums on social engineering programs. He was outraged when Ford Foundation president McGeorge Bundy's lavish grants caused the foundation's endowment to drop by a billion dollars.

In 1973, Henry Ford II tried to have the foundation support the Henry Ford Hospital, located in a desolate part of Detroit. The foundation repeatedly rejected Henry Ford II's proposals. According to Ford biographers Peter Collier and David Horowitz, Henry Ford II's wife, Cristina, frequently complained that while the foundation would spend $45 million on a new headquarters, it would spend nothing on one of its founder's favorite charities.

Eventually the Ford Foundation voted to spend $100 million on a "terminal" grant to the Henry Ford Hospital. Disgusted by the decision, as well as by several dubious grants the Ford Foundation made in the 1960s and '70s, Henry Ford II resigned from the board. Though "the foundation is a creature of capitalism," he wrote in his letter of resignation, "it is hard to discern this fact in anything the foundation does."

> THOUGH THE FORD FOUNDATION IS A CREATURE OF CAPITALISM, IT IS HARD TO DISCERN THIS IN ANYTHING THE FOUNDATION DOES.
>
> — Henry Ford II

Until his death in 1987, Henry Ford II repeatedly stated his regrets at his decision to abandon family control of the Ford Foundation. "I made a big mistake on the Ford Foundation," he said in tapes recorded between 1980 and 1985. "I had the Ford Foundation in my hand at one time. Then I lost it, and lost it of my own volition.... I was young, inexperienced, and stupid.... I did it all on my own, and I made a horrible mistake. I'll never live it down, and I regret it sincerely."

Sometimes even a carefully written will can be circumvented by determined successors. Take the case of the Pew Charitable Trusts, whose endowment comes from the wealth created by Sun Oil. The trusts are now giants of left-wing philanthropy, yet all four of the Pews who began the trusts were Republicans, and two were outspoken conservatives. A critic of Franklin Roosevelt, Joseph N. Pew wrote in a 1940 article that the New Deal was "a gigantic scheme to raze U.S. businesses to a dead level and debase the citizenry into a mass of ballot-casting serfs." He was such a formidable foe of FDR that in 1944 *The New Republic* called him the leading "Roosevelt-hater" in the United States.

His brother J. Howard Pew was another conservative of firm opinions. He was, as Jack Willoughby points out in a recent *Institutional Investor* article, a man who believed in "stiff-backed Christianity, small-town individualism, and local philanthropy." He refused to give money to Ivy League schools, thinking them bastions of liberalism. Howard Pew was also a champion of the free market and a foe of statism. "The hand of Government on business," he once wrote, "is the cold clammy hand of death, and it must eventually destroy everything it touches."

When the Pews created their six trusts in the 1940s and '50s, no instructions were provided on how the money was to be used. But when Howard Pew created his J. Howard Pew Freedom Trust in 1957, he left a forceful and articulate document. The Freedom Trust, Pew wrote, should be used to "acquaint the American people" with "the evils of bureaucracy," "the values of a free market," "the paralyzing effects of government controls on the lives and activities of people," and "to inform our people of the struggle, persecution, hardship, sacrifice, and death by which freedom of the individual was won."

For years after the Pews died, their trusts quietly funded conservative and libertarian groups, as well as local charities in the Philadelphia area. But when Robert J. Smith became president of the trusts in 1977, he gradually amalgamated the trusts, began donations to Ivy League colleges (receiving an award from Yale in

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the process), and altered the Pew Trusts' medical donations so that instead of funding research and hospitals, the trusts now funded lobbyists pressing for governmental programs.

More radical changes occurred during the presidencies of Thomas Langfitt (1986-1993) and Rebecca Rimel (1993-). Langfitt sacked 95 percent of the Pew Trusts' staff in his first two years and began speaking favorably of the government welfare programs the Pews had despised. By 1991, Rimel told *Town and Country* that her goal was "to reinfuse the idealism of the '60s into our work." She assured *Foundation News* that "the political ghosts" of the Pews "are gone."

Today, the Pew Charitable Trusts have radically diverged from the principles of their founders. An analysis of Pew spending conducted by Robert Lerner and Althea Nagai for the Capital Research Center shows that while in 1986 the Pew trusts gave three times as much Pew money to liberals as to conservatives, by 1994 the Left was getting *40 times* as much Pew funding as the Right, thanks to steady drops in grants to conservative organizations. During the same eight years, the Trusts' staff sent "general and administrative expenditures" soaring from just under $5 million to nearly $11.5 million.

There's no evidence that the founders of the Pew Trusts would have supported the trusts' recent initiatives. The J.N. Pew Charitable Trust, for example, gives millions to environmentalist groups like the Rainforest Action Network. A recent $400,000 grant went to the Henry A. Wallace Institute for Sustainable Agriculture, whose name honors a New Deal stalwart (and communist fellow-traveler) who was unquestionably detested by the Pews.

In a recent *Institutional Investor* interview, former president Thomas Langfitt defended the Pew Trusts' recent spending patterns. "We're very mindful of the donors," Langfitt said. "We also understand that it's 40 years later and there's no way to know how the donors would respond to the late twentieth century."

The Carnegie, Pew, and Ford foundation histories are not unusual but in fact quite typical. Similar stories could be told about the John D. and Catherine T. MacArthur Foundation, the Barnes Foundation, and many others that have strayed far from the ideals of their entrepreneurial founders.

How can the intentions of charitable donors be better respected? Some argue that it would be a good idea to alter the law of trusts and estates to give third parties standing to sue to enforce the donor's wishes. But this could become a double-edged sword that would also enable third parties to sue to force more "responsible" or "effective" (i.e., liberal) philanthropy.

DONORS SHOULD REALIZE THAT CREATING A PERPETUAL ENDOWMENT DOES NOT MEAN THAT THEY WILL BE REVERED FOREVER.

There are some simpler steps donors can take to ensure that their intentions are followed in the future.

• *Make your wishes as specific as possible.* The more strongly worded and precise the will, the less likely a donor's principles will be subverted by following generations. For example, when James Buchanan Duke, the creator of American Tobacco and Duke Power, created the Duke Endowment in 1924, his instructions included what percentages of his endowment should go to educational institutions, hospitals, churches, orphanages, and retirement homes for ministers. Because Duke's will was so specific, the Duke Endowment still largely follows his wishes.

Duke also required the Duke Endowment trustees to read out loud once a year at a board meeting the original document establishing the foundation. Duke Endowment chairman Mary D.T.B. Semans noted in a recent annual report that "after the reading, there is always a time of reflection and comment about Mr. Duke, his ideas, and our mission. This closeness to the founder renews us and gives us a sense of new energy."

• *Be careful whose advice you take.* Donors ought to be wary of any adviser who encourages them to leave their wealth to posterity with few restrictions. Both John D. Rockefeller's lawyer, Starr Murphy, and John D. MacArthur's counsel, William Kirby, persuaded their clients not to restrict how their wealth would be used. Their reward: lengthy and lucrative positions on the boards of the Rockefeller and MacArthur Foundations.

Donors ought to be bold and assertive when determining how their fortunes will be spent. Be very skeptical of those who argue that the ideas and passions of donors are unimportant. People who are smart enough to create fortunes are smart enough to figure out how their wealth should be used.

• *Term limits for foundations.* It's inevitable that the longer a foundation exists, the less likely it is to follow the founder's wishes, particularly after friends and associates of the donor die. The best way to ensure donor intent is for a wealth-builder to give away his assets either within his lifetime or within a period of no more than 25 years after the philanthropist's death.

Donors should realize that creating a perpetual endowment does not mean that they will be revered forever. In 1987, *USA Today* sent a reporter to the Ford Foundation to search for traces of the Ford family in the foundation offices. He found one grainy portrait of Henry Ford in a single foundation office—the only evidence that the Ford Foundation respected the memory of Henry Ford, Edsel Ford, or Henry Ford II.

Fixed lifespans might also encourage foundations to function better by becoming more entrepreneurial. After all, for-profit corporations relentlessly seek new ways to meet public demands because they know they have no assurance of immortality. If foundations donated aggressively and then faded into the sunset within a reasonable time after the disappearance of their patron, they would likely be both more effective and truer to their founding principles.

TAE associate editor Martin Morse Wooster is the author of The Great Philanthropists and the Problem of Donor Intent, *published by the Capital Research Center.*

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Flashback

TO KNOW NOTHING OF WHAT HAPPENED BEFORE YOU WERE BORN IS TO REMAIN EVER A CHILD—*Cicero*

Jackie Robinson—Pioneer and Destroyer

The stubborn, arrogant, and ultimately heroic Jackie Robinson probably would have hated the summer-long wallow in sanctimony that Nike and the networks and newspaper chains have made of the 50th anniversary of his debut with the Brooklyn Dodgers.

Robinson's breaking of baseball's disgraceful color barrier has been cheered by everyone this side of the Klan, but in all the self-congratulation we have forgotten one of the greatest creations of black Americans: the Negro baseball leagues whence Jackie came.

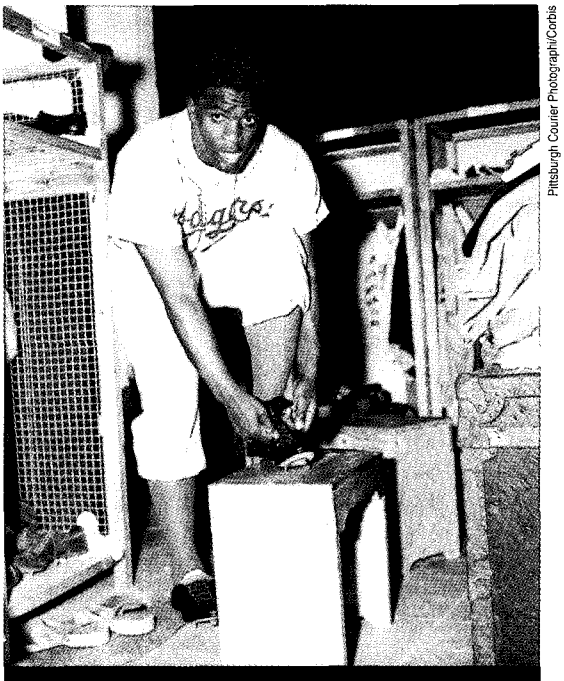
Unlike the colorless major leagues today, the Negro National and American leagues were vividly human. Strong black men were in charge: iron-fisted National League president Rube Foster; Cum Posey, the silver-spoon-fed owner of the Homestead Grays; and flashy bootlegger Gus Greenlee, who owned both the Pittsburgh Crawfords and the stadium in which they played.

The Negro leagues even had their own Marge Schott: Effa Manley, whom *Time* leeringly called the "hula-hipped Harlem beauty." Manley, who with her husband owned the Newark Eagles, "tried to be manager...from her box seat," as one player remembered. "Her bunt signal was this: she'd cross her legs. One batter got so excited watching her legs that he got hit in the head with a ball and was knocked unconscious."

The style of play was as idiosyncratic as a Satchel Paige windmill windup. Mahlon Duckett of the Philadelphia Stars recalled, "You had guys with bats held high, bats on their shoulders, guys with wide stances and short stances...There would have been that in the majors, but the coaches killed it. Thankfully, a few guys like Mel Ott refused the coaching and stuck with their unorthodox styles, but most adapted and it hurt them and hurt the game. Negro League play was very different and fans loved that."

The fans—and crowds often exceeded 20,000 at Negro baseball's peak—made game day a social occasion. "Sunday in Newark...was church, a doubleheader, and then either out to dinner or to a friend's home for dinner," according to Leon Day. Ladies and gents dressed to the nines; the social columns of black-owned papers reported who was in the stands. An entire culture grew around the black version of this most American of games.

By the mid-40s this $2 million-a-year business was "probably the single biggest black-dominated enterprise," in one historian's estimation. And then, almost overnight, it collapsed. Cause of death: Jackie Robinson.



Pittsburgh Courier Photograph/Corbis

Jackie Robinson puts on his Brooklyn Dodgers uniform in 1947.

Integration of baseball was just and it was inevitable. But it also killed something valuable. The poet LeRoi Jones (a.k.a. Amiri Baraka) mocked Robinson as "a synthetic colored guy...imperfected" in "California laboratories, who was used by the majors to 'rip off' what you had in the name of what you ain't never going to get.... The destruction of the Eagles, Greys, Black Yankees, Elite Giants, Cuban Stars, Clowns, Monarchs, Black Barons, to what must we attribute that? We're going to the big leagues. Is that what the cry was on those Afric' shores when the European capitalists and African feudal lords got together and palmed our future? 'WE'RE GOING TO THE BIG LEAGUES!'"

Branch Rickey, the man who signed Robinson to the Dodgers, called the Negro leagues "a racket," and in truth, they were disorderly. Players jumped teams; booking agents wielded excessive power; records were kept sloppily; coaching was sometimes subpar. But they were also a towering black cultural achievement.

Fifty years after the fact, Jackie Robinson's accomplishment has been reduced to a sneaker ad and a Bill Clinton speech. At last count, the number of black owners in major league baseball was holding steady at zero. LeRoi Jones's words linger: "The Negro League's like a light somewhere. Back over your shoulder. As you go away. A warmth still, connected to laughter and self-love."

—Bill Kauffman

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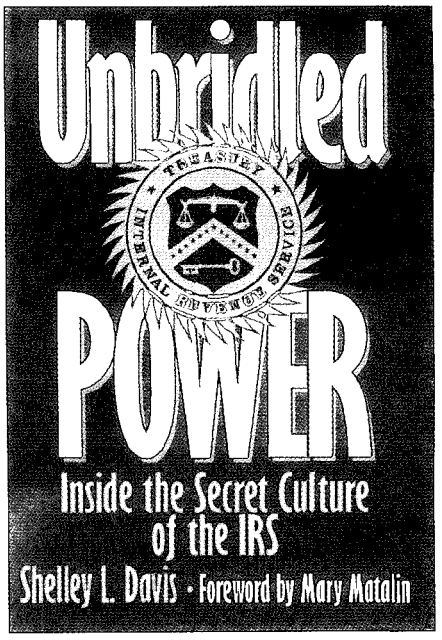
BookTalk



THE INFERNAL REVENUE SERVICE

By John Attarian

Unbridled Power: Inside the Secret Culture of the IRS
By Shelley L. Davis, HarperBusiness, 284 pages, $25

If you're angry about your taxes, you'll be downright furious when you've finished this book—furious at the mismanagement, illegality, and immorality of the Internal Revenue Service.

In 1988, Air Force historian Shelley Davis became the IRS's first—and last—official historian. Her eyewitness account indicates that many federal bureaucrats are grossly overpaid (salary grades above GS-15 make $100,000 or more) and underworked. One fellow supposedly employed to develop "time planning worksheets" spent "countless hours at his desk, reading newspapers and drinking gallons of very weak coffee," she relates.

Some of what IRS workers *do* do is illegal, as Davis discovered when the National Archives reported having virtually no IRS records since the Prohibition era. The IRS jealously controls its records and lets its departments destroy them at their discretion—a violation, Davis says, of the Federal Records Act, which "explicitly states that the National Archives is the only federal agency with the power to authorize the destruction of federal records." Davis mixes a narrative of her efforts at salvaging records with a secret history of the IRS. It's a horror story.

When, for example, an old but still reliable IRS computer system was replaced with untried new ones, the result was backlogs that nearly wrecked the tax-return processing system. Desperate IRS employees put unprocessed returns, their tax payment checks still attached, into trash cans and ceiling ducts. In 1993, the General Accounting Office reported that since 1988, IRS computer modernization had cost $831 million, but the IRS could account for only $530 million of that expenditure.

Remember Richard Nixon's infamous "enemies list"? Before that, the IRS "Special Services Staff" had its own list, which was far larger (more than 11,000 names, versus Nixon's 800). The IRS list was composed of war protesters, members of radical groups, even organizers of rock festivals—people who were assumed, because of their politics, to be tax dodgers. "It's one thing for a President to go after his perceived political enemies," Davis says. "It's something else altogether for a nonpartisan federal agency to target innocent citizens purely on the basis of their ideological bent. Both are wrong, but one is definitely scarier than the other."

Well-meant Congressional attempts to protect taxpayer privacy after Watergate backfired. In 1976, Congress amended Section 6103 of the Internal Revenue Code to strictly limit access to "confidential tax information," meaning tax returns. But the IRS interprets "tax information" so broadly as to invoke Section 6103 to deny virtually any request for information, never mind the Freedom of Information Act.

Whoever coined the saying "No good deed goes unpunished" probably knew someone at the IRS. Three Chicago internal auditors who blew the whistle on their corrupt superior suffered threats, intimidation, and downgrades in pay and performance evaluation. Others were forced out of the IRS. Inquisitive or critical members of Congress fared no better; some have been subjected to audits and other harassment.

In 1986, Ronald Saranow, head of the IRS Criminal Investigation Division in Los Angeles, began a criminal investigation of Jordache Jeans for alleged tax evasion, entailing a raid on Jordache headquarters. Though no one was indicted, Jordache's business suffered grievously. According to sworn testimony before a congressional subcommittee, Saranow at the time was negotiating a job with Jordache's rival, Guess Jeans.

In the course of revealing the ethics mess in the IRS, Davis also gives an illuminating brief history of the tax system, unwittingly confirming conservative arguments about the relationship between tax rates and tax revenues. Repeatedly, punitive high marginal tax rates drove high incomes into tax shelters; cuts in marginal rates did the opposite.

Davis's efforts to save Nixon's and Spiro Agnew's tax returns and other documents from shredding brought trouble for her. When a history professor called her with a Freedom of Information Act request about IRS efforts to target tax-exempt conservative organizations for investigation "in the early sixties, during the Kennedy presidency," the enemies Davis had made saw their chance. They tried unsuccessfully to get the professor to say that Davis had told him which documents to ask for, so they could accuse her of disclosing taxpayer information.

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Rather than face trumped-up charges, Davis resigned in protest.

Davis's provocative disclosures make one suspect that the submerged part of the iceberg is even worse. Why so much document-shredding? What is the IRS hiding?

Despite occasional dullness and minor historical bloopers, *Unbridled Power* is a shocking tale, a revelation of federal tyranny, arrogance, and immorality that makes Washington, D.C. rhetoric of liberty and democracy ring hollow. The IRS unmasked by Davis makes me nostalgic for the revenue agents of King George III. If you're a taxpayer, you owe it to yourself to read this book.

John Attarian is a freelance writer in Ann Arbor, Michigan.

ONE GIANT LEAP FOR BLACK ATHLETES?

By Theodore Pappas

Darwin's Athletes: How Sport Has Damaged Black America and Preserved the Myth of Race
By John Hoberman, Houghton Mifflin, 341 pages, $24.95

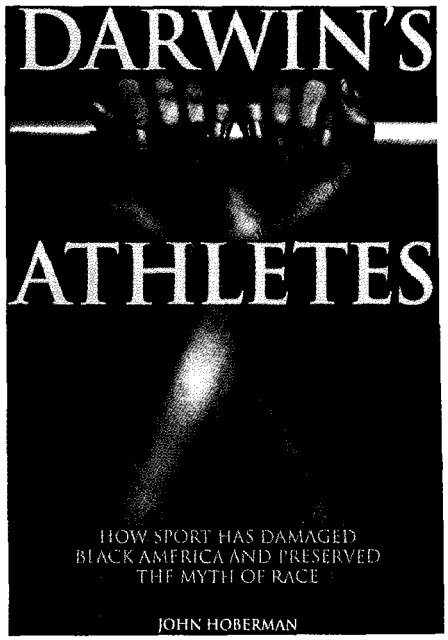
In light of the numerous, well-publicized celebrations of the 50th anniversary of Jackie Robinson's breaking the color barrier in professional baseball, it may be surprising to learn that not every liberal views Robinson's achievement as a contribution to African-American progress. In fact, liberal naysayers on this issue have been around for a long time. In *The Black Athlete—A Shameful Story* (1968), for example, Jack Olsen argues it is a "cliché...accepted by black and white, liberal and conservative, intellectual and red-neck" that "that sports has been good to the Negro." Actually, Olsen quotes a retired college basketball coach, "The concept of sports as an integrating force is a myth...a legend nurtured by people who should know better." Sociologist and black activist Harry Edwards agreed, arguing in 1973 that sports had exerted a "Novocaine effect on the black masses" and "provided the black fan with the illusion of spiritual reinforcement in his own life struggles."

Enter John Hoberman, a professor of Germanic languages at the University of Texas at Austin and author of three other books on the culture of sports. Hoberman acknowledges Jackie Robinson's courage, but argues that the "almost millennial significance" accorded his achievement has meant "a great deal of sentimentalism and a willed evasion of issues that are more complicated than the ideal of integration." In sum, the "Jackie Robinson story has played a role in giving white America a good conscience it does not deserve."

Hoberman bemoans the "colonial power structure" that still characterizes professional sports, where teams consisting almost exclusively of black players are routinely owned by white businessmen, ruled by white coaches, led by white players (in the "thinking positions," such as quarterback), and commented on by a predominantly white media. He also criticizes the black community's fixation on sports and highlights the deleterious effect this has had on black social progress: The overwhelming celebrity of black athletes has obscured "even the existence" of the black middle class, led to unrealistic "hoop dreams" of quick escape from the ghetto, abetted the theories of white racialists who believe blacks to be intellectually inferior, and bred an anti-academic attitude whereby a black student more interested in biology than basketball is derided in the black community as a traitor "to his people."

Hoberman focuses attention on the role of the media in popularizing particular racial stereotypes. Hence the television commercials depicting black athletes either sneering at the camera in threatening poses or sitting and smiling passively in the presence of white children. A "more cynical purpose" of the marketing, Hoberman adds, is "to encourage affluent young whites to adopt the athletic clothing and speech styles of black 'homeboys.'"

In the second half of his book, Hoberman offers a "post-liberal" approach to racial biology to show "how the Racial Right is attempting to use human biology for racist purposes." It is these ponderous and discursive chapters that will cause the most controversy. Hoberman does not believe that there are "significant" biological differences between the races that would, for example, help an East African marathoner and a West African sprinter run faster and farther than whites; he accepts neither the research of the conservative "Bell Curvers" (by which Hoberman means people like Charles Murray, Richard J. Herrnstein, Arthur Jensen, and J. Philippe Rushton) nor the African-American folklore about black hardiness that ostensibly resulted from enduring the Middle Passage and from selective breeding by white slave owners.



Undercutting Hoberman's position is his repeated acknowledgment of evidence that could prove the contrary. Numerous studies show, for instance, that testosterone differences between the races could be athletically significant, since testosterone promotes the growth of lean muscle mass. Hoberman even cites an example of why such research should continue: because "ethnic differences in drug metabolism suggest differences in receptor sensitivity that are relevant to appropriate dosing." As the author gingerly puts it, "A minor complication is that some of the modern anthropometric data do roughly correspond to claims that functioned as racist dogmas during the nineteenth century."

Many other arguments will doubtless raise eyebrows. For example, Hoberman

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writes off complaints about the creeping incivility of professional sports—the trash-talking, taunting, fighting, sloppy uniforms, and churlish behavior of the NBA and NFL prima donnas—as part of a "long and ignoble racist tradition" of whites. Following Hoberman's reasoning, Michael Jordan, who has complained about these developments, is an anti-black racist.

If the "colonial power structure" of American sports is simply a new and improved way of keeping the black man down, Hoberman has some more explaining to do. The current payroll of the NBA alone, which, as Hoberman concedes, goes almost exclusively to black players, is nearly $1 billion. There are indeed many African Americans "riding in the back" of today's athletic structure. But it's hardly the back of a city bus.

Theodore Pappas is the managing editor of Chronicles: A Magazine of American Culture.

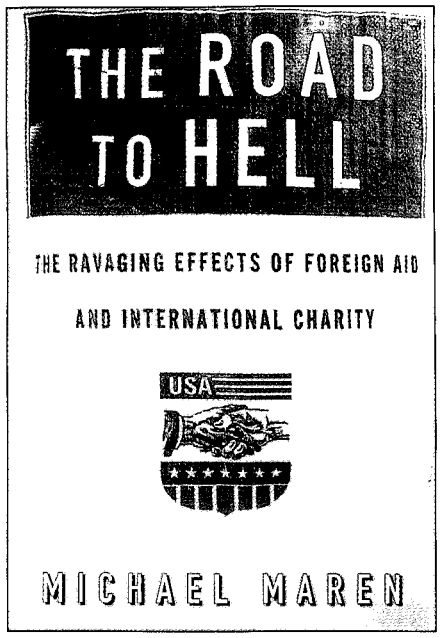
DESTRUCTIVE GIVEAWAY

By Martin Morse Wooster

The Road to Hell: The Ravaging Effects of Foreign Aid and International Charity
By Michael Maren, Free Press,
280 pages, $25

Most serious Americans now believe that long-term welfare payments do more harm than good. We know that welfare demeans the people who receive it, breaks up families and keeps them broken, and is a major reason why today's ghettos are lawless, anarchic places.

But shift the welfare discussion overseas and the debate changes. The contention over foreign aid today is roughly equivalent to the arguments over welfare in 1975. There is widespread recognition that the system is not working, but few people are prepared to say that foreign aid is inherently bad. Most contend that international welfare transfers can somehow be fixed, that if donors just refined their giving practices, Western aid could finally ensure that Third World countries would advance.



International charities likewise escape the scrutiny given their domestic counterparts. There's been a good deal of work showing how the Ford Foundation has used its millions to promote welfare dependency and ethnic balkanization in the U.S. But Save the Children and CARE, two of the biggest U.S. nonprofits operating overseas, are not subjected to the same kind of scrutiny. Most of the time, all we know about multinational nonprofits is what they tell us in their commercials: that a Third World child can be saved from despair by a contribution of 50 cents a day.

Michael Maren, a former worker for international charities and former official of the U.S. Agency for International Development, is a dogged, tenacious researcher—one so devoted to finding out the truth about development that he once spent two days hiding in a warehouse in Geneva, Switzerland, frantically reading documents put out by the U.N. High Commission for Refugees into a tape recorder. (The U.N. has no equivalent to the Freedom of Information Act, and would not allow Maren to copy the documents he wanted.) Maren's book is mostly about Somalia, though he devotes a chapter to other countries and a chapter to Save the Children's activities in the United States. And he asks simple questions that have complicated answers: Did the aid the West gave Somalia in the 1980s and 1990s help or harm that nation? Was the U.N.'s "humanitarian" intervention of 1992-1994 a good or bad idea?

Maren concludes that foreign aid did not help the Somalis, and probably harmed them. He presents endless anecdotes about development workers who knew nothing about Somalia's history, culture, climate, or language, who were convinced that if they simply studied enough they could convince the Somalis to stop being nomadic cattle herders and become farmers. Moreover, as some aid workers were trying to teach the Somalis how to farm, others were distributing surplus food—thus destroying markets for Somali-grown produce. While development workers didn't cause the regime of long-time Somali strongman Mohammed Siyaad Barre to fall in 1991, Maren suggests that aid probably exacerbated the civil conflict, since it became booty the warlords could steal.

Maren is good on Somalia and good, too, at examining the fund-raising techniques of Save the Children. He contends there is little evidence that your donations actually go to a particular child. Most of the time, unrestricted contributions by individuals to international nonprofits are pooled to wherever the charity wants. While big international charities distribute pie charts showing that 80 to 90 percent of their budget is spent on programs, they don't define what they mean by "programs." Not only is there no reason to believe your annual donation of $50 or $100 will actually help a Third World child, Maren argues; there's also no guarantee your contribution will be spent outside the U.S. or on children.

While *The Road to Hell* is excellent at showing the damage caused by foreign aid, Maren is less persuasive in his conclusions. He argues that since international reporting takes a great deal of time, money, and expertise, a new agency should be created that would act as a watchdog overseeing the activities of international nonprofits. But he does not explain who would create this agency, or how its independence would be assured. Nor does he explain what sorts of foreign aid really are helpful. It's clear that the massive development

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bureaucracies do little to benefit the poorer countries of the world. Are there goods and services that Westerners can give that really would make African lives better? Maren does not say.

The Road to Hell is a first-rate exposé of the damage development agencies and international non-profits inadvertently cause. It reminds us again how often alms, whether dispensed in Detroit, Los Angeles, Mogadishu, or Port-au-Prince, do more harm than good.

Associate editor Martin Morse Wooster often writes about philanthropy.

NO CANADA?

By Mark Wegierski

Impossible Nation: The Longing for Homeland in Canada and Quebec
By Ray Conlogue, Mercury Press,
175 pages, $16.50

Ray Conlogue, long-time theater critic and now the Montreal arts correspondent for *The Globe and Mail* (the Toronto-based newspaper of Canadian establishment liberalism), has written a very unexpected book. Indeed, this work may come to be seen as a classic on the Canadian situation. In the dreary social and political climate of English Canada, where many thinkers have gone straight from joyless puritanism to lockstep political correctness, Conlogue's book is the first in a long time to look afresh at big national issues.

Conlogue's first and central point is that the Canadian state does indeed consist of two nations: French Canada (Quebec) and English Canada. As early as in Lord Durham's Report of 1840 there were warnings that Canada might well become "two nations warring in the bosom of a single state." Conlogue says that has happened.

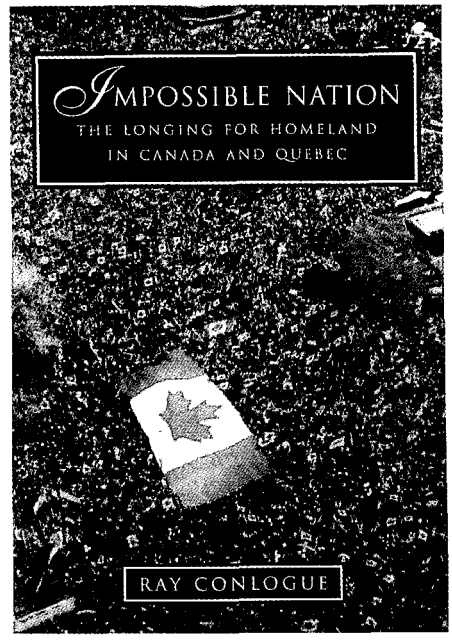
The French Quebec nation is characterized by a sense of kindredness, of being and belonging, going back to its origins in a pre-Revolutionary, Roman Catholic French peasantry. Although Catholicism is fading fast in Quebec today, it provides the cultural-psychological matrix for the future. Conlogue observes the earthiness, warmth, and imaginativeness of Québecois life across the centuries and concludes that the Québecois are a people.

English Canada, on the other hand, has many of the most negative characteristics of Calvinist, Lockean individualism. English Canadians possess little sense of nationhood or collective imagination. With the fading of the British Empire after World War II, a sense of Britishness can no longer unite English Canada. At the same time, English Canada has fallen under the sway of what George Parkin Grant called the American technological empire.

Conlogue paints the establishment liberal vision of Canada as a coast-to-coast "bilingual" country (most energetically promoted by Prime Minister Pierre Elliott Trudeau from 1968 to 1984) as a chimera. English and French Canadians are bound to mostly separate spheres by their histories, and no amount of government social engineering will ever change that.

English Canadians have failed especially in the artistic, creative, and cultural dimensions of nationhood. Canada today is only a state—a soulless apparatus without a shared identity—whereas Quebec is a real nation, but *not* a state. Conlogue boldly criticizes Canada's current multiculturalist policies as an obstacle to nation-building. Although he does not say this explicitly, perhaps the reason that English Canada today is so accepting of mass immigration (at a level about five times greater per capita than in the U.S.) is simply because it has no sense of any self to preserve. Conlogue points out that although America's central tradition was individualist, the U.S. was able to establish certain compensatory commonalities (such as the English language and a patriotic enthusiasm for its political founders and original documents) that have allowed it to function with a far greater sense of national identity.

While seeing outright Quebec separation as a possibility, the vision Conlogue prefers is a very loose association of Quebec and Canada, combined finally with an attempt to build a real



English-Canadian nation among the rest of the nine provinces and the northern territories. Conlogue would certainly support the constitutional recognition of Quebec as "a distinct society." The Meech Lake Accord, cobbled together by Prime Minister Brian Mulroney and the provincial premiers, failed in 1990 largely because of opposition in English Canada to just such a recognition. Yet in its October 1995 provincial referendum, Quebec came within half a percentage point of endorsing a process leading to separation. A second attempt is widely expected by the end of the millennium.

Perhaps a more likely scenario, if Quebec does ever begin to negotiate separation, is the "provincialization" of Canada, creating a weak federal government and virtual independence for all of the provinces. It may be too late to culturally renew English Canada as a whole. The province or region might therefore be the best place to build some sense of meaningful identity distinct from the American.

Toronto-based Mark Wegierski has written for Telos, This World, *and* Alberta Report, *among others.*

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off The Shelf

A REGULAR REVIEW OF CLASSIC, OVER-LOOKED, NEWLY RELEVANT, OR OTHERWISE DESERVING OLDER BOOKS

TRASH TO TREASURE

By Todd R. Flanders

Kristin Lavransdatter,
By Sigrid Undset
Alfred A. Knopf, 1,094 pages

Kristin Lavransdatter, the trilogy of 14th-century Norway that brought Sigrid Undset the 1928 Nobel Prize for literature, is drawing renewed and much-deserved attention. One sign is Liv Ullmann's recent film based on the book, which has yet to gain American release. Why this new attention to a work that, while it has never gone out of print, has also never previously achieved the highest level of international popularity? Perhaps it is because the heroine's story has a special relevance for Western societies today.

When the young Kristin realizes in her emergent sexuality a power for independence and autonomy, she begins to act in lust and willful self-regard. This is a combination familiar in our own time.

In what at first appears to be a distinctively medieval work, a contemporary reader can be taken aback by a feeling of pertinence. In the feudal and Christian world of these novels, sexuality is inescapably a family affair. And since families are well-established subunits of the larger society, it is a societal affair as well. In such a world, one person's desire for a license to shape her own happiness is necessarily a desire to rebel. And for her to act on this desire necessarily disrupts the larger moral economy.

The disruption is stark in *Kristin Lavransdatter*. Kristin's father betroths her to Simon Darre, an upstanding but unexciting young man. While Kristin is away at a convent in preparation for marriage, she meets the dashing and gallant Erlend. It is unclear who seduces whom, but the two pursue a passionate liaison, despite Kristin's promise to Simon and her awareness that Erlend has an erstwhile mistress and two children. Kristin becomes pregnant, keeping that fact secret while successfully pressuring her father into breaking the betrothal with Simon so she can marry Erlend instead. Meanwhile, Erlend's mistress arrives on the scene, intent on poisoning Kristin, and ends up being coerced by the new couple into poisoning herself. Erlend and Kristin enlist the aid of friends in hiding the deed.

Parallels between some of these early events in Kristin's life and experiences of the author invite speculation. Spending some time in a bohemian enclave in Rome, the young Undset took up with a married artist whose talent and panache strongly appealed to Sigrid, at that time a passionate romantic. The artist divorced his wife to marry Undset, leaving the former without means to care for their children. (These Undset would rescue from an orphanage and raise herself.) Undset soon divorced her husband, for whom she discovered family loyalty mattered little. After attaining an annulment, she entered the Catholic Church. Although her turn to Catholicism followed the publication of *Kristin Lavransdatter* by two years, the novels are pervaded by a sense of fallenness so compelling as to have come straight from the heart.

The sense that these novels emerge at least in part from the experience of a modern author makes them more immediate than medieval, and lifts them out of the realm of purely "historical" fiction. Besides, Undset (whose background as the daughter of a prominent Scandinavian archaeologist gave her considerable knowledge of earlier eras) may have chosen the 14th-century setting specifically because political, social, and economic upheavals of that time mirrored our own. But Undset's is a universal drama about the raveling and unravelling of the self that could have been played out in individual lives almost any time and anywhere.

While *Kristin Lavransdatter* is starkly realistic about the errors to which human beings are prone and the devastation to which these errors can lead, its greatness lies in its similarly realistic vision that errors and devastation can be redeemed. For Kristin's story is finally not a tragedy. Her flaws are not cataclysmic. Undset does not supply ersatz "redemption" in the manner of so much contemporary fiction, but Kristin does find direction in her fall.

Near the story's end, one character chastises Kristin for having always believed she was mistress of her own life and destiny. This was a fault, but a felicitous one, one responsible for Kristin's wretchedness and also for a certain greatness. For her passion and willfulness eventually led to her humbling, drawing her into a deeper understanding of compassion and charity, and forcing her into meritorious activities that would ultimately transform her utterly.

Kristin's redemption came through a lifelong struggle between her impulsive self-interest and her deeply felt and societally-reinforced summons to self-transcendence. And here perhaps lies the most urgent moral we may draw from *Kristin Lavransdatter* today. Pathologies arising from personal irresponsibility can actually be transformed into something good. But Undset's masterpiece would have us realize that much depends on whether self-transcendence and human goodness continue to be inculcated and encouraged by societal norms.

Todd R. Flanders is a Bradley Fellow at Boston College.

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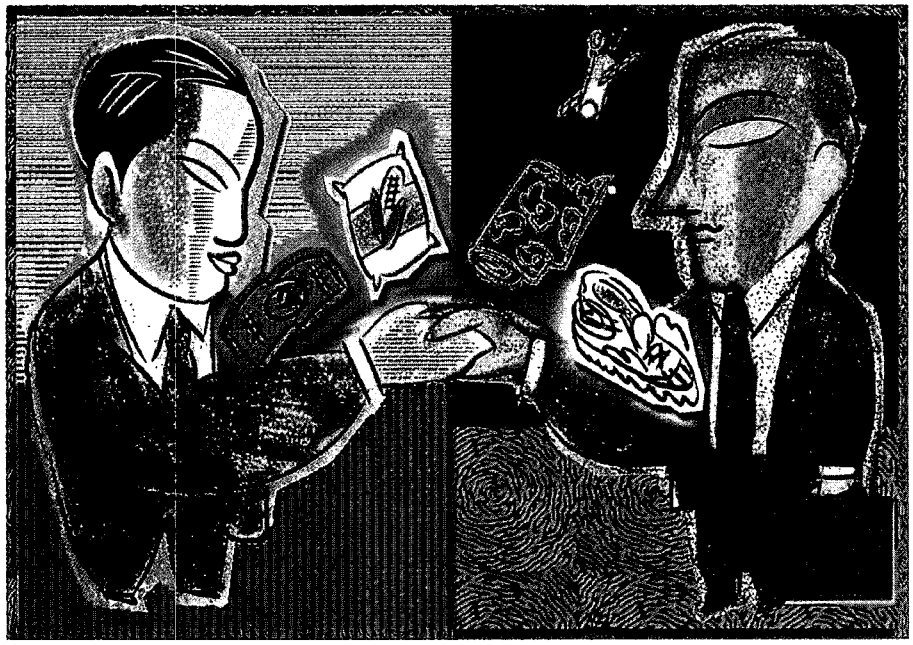
the Digest

SUMMARIES OF IMPORTANT NEW RESEARCH FROM THE NATION'S UNIVERSITIES, THINK TANKS, AND INVESTIGATIVE PUBLICATIONS



POLITICS

Leave Trade Alone

Pietro S. Nivola, "Commercializing Foreign Policy? American Trade Policy, Then and Now," in The Brookings Review *(Spring 1997), 1775 Massachusetts Avenue N.W., Washington, D.C. 20036.*

Since the end of World War II, Washington has tended to espouse free trade while protecting certain industries from competition. The Nixon administration, for example, raised tariffs and initiated protectionist sanctions against other nations that "dumped" their exports in the U.S. The Reagan administration imposed restrictions on so many items—from lumber to Japanese cars—that by 1988 fully 25 percent of all the money Americans spent on imports went to goods with artificially high prices.

The Clinton team has tried a little and talked a lot about manipulating trade through the political process. But by supporting such tariff-reducing agreements as NAFTA, the Uruguay Round of global trade negotiations, and the recent international telecommunications agreement, the administration has resisted the efforts of economic nationalists to make the U.S. more protectionist. By 1996, the U.S. economy was doing so well, Nivola writes, that "the need for vigorous government programs of commercial promotion... had become more dubious than ever."

Now American politicians ought to stop trying to intervene in international trading markets, for two reasons. First, recent international upheavals suggest that America's primary foreign policy concern ought to be to contain rogue political regimes. Second, there's little evidence that political intervention does any economic good. Nivola calculates that even if an agreement were forged to eliminate all of Japan's import barriers, the additional U.S. exports that would result would increase the U.S. gross domestic product by only 0.2 percent.

ECONOMICS

Self-Defense Training for Corporations

Michael Novak, On Corporate Governance: The Corporation as It Ought to Be. *AEI Press, 1150 17th Street N.W., Washington, D.C. 20036.*

Less than one percent of the businesses in the United States are publicly owned corporations, but these corporations produce half of America's economic output. They are also the subjects of considerable pressure—from charities that want bigger donations to governments that want more taxes, argues American Enterprise Institute scholar Novak. "The American business corporation has been so successful," he writes, "that many people want to lasso it, break its spirit, and for their own purposes train it to become something else."

CEOs need to defend their interests in public policy debates, Novak argues. Bold businessmen should not be "pusillanimous in politics and mousy in the field of ideas." They ought to defend the market vigorously, and not capitulate to statists. Far too many executives try to appease anti-capitalist activists by giving money to leftist nonprofit groups. But in "the fading night of the socialist empire and the darkening crisis of the welfare state" there is no need for businesses to use their profits to fund the Left, he urges.

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In 1900, many intellectuals assumed that governments could solve most social problems, but as the twentieth century ends, the social legacy of the "over-promising state" is "a pronounced decline in morals and morale, a growing underclass, and a return to serfdom." In the business realm, by contrast, dynamic, flexible corporations have ensured increasing prosperity for all. The most important legacy of the economic growth corporations produce, Novak concludes, lies in the way they expand opportunities for poor people. "Only in periods of dynamism and creativity," he writes, "do ever greater numbers of the poor rise out of poverty and discover their own talents for accomplishment."

Regulating the Regulators

Murray Weidenbaum, "Regulatory Process Reform from Ford to Clinton," in Regulation *(Winter 1997), Cato Institute, 1000 Massachusetts Avenue NW, Washington, D.C. 20001.*

Every president since Richard Nixon has sought to check the growth of red tape, yet government regulators still grow in number and power. Weidenbaum of the Center for the Study of American Business looks at how presidents have tried to rein in regulators, to discern lessons for future administrations.

Presidents traditionally oversee the federal government by issuing executive orders. Nominally independent regulatory agencies like the Consumer Product Safety Commission aren't under the sway of such orders, though. So President Ford tried to persuade regulatory agencies to look at the costs and benefits of regulations they issue. President Carter established a Regulatory Analysis Review Group to question particularly costly regulations. Though a few regulations were blocked, Weidenbaum writes, "the 1970s will be remembered for an outpouring of federal rules and an expansion of regulatory agencies that resulted in greater government intervention in the private economy."

The first Reagan administration did succeed in reducing the number of government regulators by 20,000, a 16 percent drop. It also used the White House's Office of Information and Regulatory Affairs to block or water down scores of regulations, including over 40 percent of the regulations issued by the Department of Labor. But though the administration did not create any new regulatory initiatives, it failed to reform older red-tape generating laws. Then the second Reagan administration allowed the number of regulators to begin rising again, albeit more slowly than in the past.

President Bush denounced over-regulation and created the Council on Competitiveness to minimize the number of new economic controls. But he also endorsed many far-reaching new regulatory laws, such as the Americans With Disabilities Act, the Clean Air Act, and the Civil Rights Act of 1991.

President Clinton abolished the Council on Competitiveness and other anti-regulatory measures. Bypassing cost-benefit tests, Clinton created scores of new regulations, until the number of government regulators rose to 130,000 by 1995, the highest in history.

Congress in its last session passed some restrictions on the regulatory powers of the executive branch. Regulators now must disclose how much cities and states will have to pay to enforce a new regulation. Congress has the power to block the implementation of any new regulation that will cost the private sector more than $100 million to implement. But Weidenbaum suggests that stricter braking mechanisms may be in order.

It Wasn't Reagan's Fault

Stephen Moore and Michael A. Byrd, Whose Free Lunch? The Truth About the 'Reagan Deficits.' *Institute for Policy Innovation, 250 South Simmons Parkway #306, Lewisville, Texas 75067.*

Liberal pundits and politicians frequently blame the Reagan administration for the large budget deficits of the 1980s. If the Reaganites hadn't instituted a large tax cut in '81, the argument goes, the deficit would never have grown to its present size. Cato Institute fellow Moore and investment analyst Byrd disagree. The deficits of the Reagan years, they argue, were not due to tax cuts, but to a Congress that refused to control its spending.

The Reagan administration cut taxes in 1981 and indexed income tax rates to inflation in 1985, but the federal government's tax collections in fiscal year 1989 were still 24 percent higher in real terms than in fiscal year 1982. By contrast, the Bush and Clinton administrations imposed massive tax increases in 1990 and 1993, yet the federal government in fiscal year 1997 only collected 17 percent more taxes than in fiscal year 1990.

Increased deficits, the authors contend, stem from rising budgets, which in turn were largely due to the Democrat-controlled Congress. From 1982-89, Congress passed $209 billion in programs the Reagan administration did not want and thwarted Reagan's attempts to impound or defer an additional $42 billion in spending. In 1987 and 1988, Congress overrode President Reagan's vetoes, forcing an additional $20 billion in spending. Thus the authors calculate that Congress appropriated $271 billion more than Ronald Reagan wanted.

In addition, Congress blocked Reagan's attempts to control the growth of Medicare, Social Security, and other entitlements. If entitlement programs are included, Moore and Byrd calculate that Congress in the Reagan years insisted on $392 billion more in non-defense spending than President Reagan requested.

Though the Reagan administration shares some blame for spiraling spending and deficits, Congress's recklessness was the first cause. "In the 1980s," Moore and Byrd write, "the 'free lunch' crowd was Congress, not the White House."

Calming the Inequality Panic

Robert I. Lerman, Is Earnings Inequality Really Increasing? *Urban Institute, 2100 M Street N.W., Washington, D.C. 20037.*

Conventional wisdom claims America is becoming a "winner-take-all society" where a few become wealthy and most remain poor. Lerman, an American University economist, disagrees. Analyzing Census Bureau data, he finds little evidence incomes are becoming more unequal.

Arguments that inequality is increasing cite changes in overall wages, but a more accurate measure would be work-

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ers' earnings per hour. Mr. and Mrs. Rich, for example, could each spend 60 hours a week toiling in the office, while poor Mrs. Grubb might work 20 hours a week and spend the rest of her time caring for her children. It's as important to note that the Richs work six times longer than Mrs. Grubb as it is to note how much either household earns, Lerman argues.

Lerman compares the hourly wages of the wealthiest 10 percent of Americans and the poorest 10 percent. One Census Bureau database, the Current Population Survey, shows no increase in inequality between 1987 and 1994. A second database, the Survey of Income and Program Participation, shows a *decrease* in wage inequality by 5.5 percent during this period.

True, the total earnings of wealthy households are rising faster than those of poor ones. But the wage disparity exists not because of freer trade or new technologies, but usually because wealthy households are ones where husband and wife are both working long and hard.

SOCIETY

Gun Owners Make Them Ill

Don B. Kates, Henry E. Schaffer, and William C. Waters IV, "Public Health Pot Shots," in Reason *(April 1997), 3415 South Sepulveda Boulevard #400, Los Angeles, California 90034.*

Few people think of the Centers for Disease Control (CDC) as a federal agency that wants to take away people's guns, but in fact the CDC has taken to funding many studies on firearms—and Kates, Schaffer, and Waters believe these studies are biased against gun owners.

Since 1979, the CDC's official policy has been "to reduce the number of handguns in private ownership" by 25 percent by the year 2000. Some CDC officials and grantees want still more drastic measures. The director of the CDC's National Center for Injury Prevention and Control wants to launch a national campaign "to convince Americans that guns are, first and foremost, a public health menace." CDC grantee Katherine Cristoffel told *American Medical News* that "guns are a virus that must be eradicated."

Many CDC-funded gun studies provide the bases for misleading claims used by gun-control activists in their campaigns. For example, a CDC-funded study looked at suicide rates in Seattle and Vancouver and concluded that American gun laws ensured that more young men killed themselves in Seattle—even though that city had a lower suicide rate. The CDC grantees conveniently ignored demographic differences that explain Seattle's higher levels of overall violence. The study was so egregious that Gary Mauser, a Canadian criminologist, called it "an abuse of scholarship, inventing, selecting, or misinterpreting data in order to validate *a priori* conclusions."

In 1995 Congress tried, but failed, to cut the CDC budget by $2.6 million, the amount the agency spent on research on firearm injuries. The authors suggest Congress was right to try.

Trial Lawyers Profiting on Nonprofits

Spencer Abraham, "Litigation's Stranglehold on Charities," in The Public Interest *(Spring 1997), 1112 16th Street N.W. #530, Washington, D.C. 20036.*

If we're ever going to make progress in fighting social problems and cleaning up our neighborhoods, Americans will need to spend more time volunteering. But there's an increasingly formidable obstacle to voluntarism: trial lawyers. Senator Abraham (R-Mich.) reports that fear of lawsuits ensures that America's charities are skittish about using volunteers.

The American Red Cross has been sued over auto accidents caused by volunteers wearing the organization's insignia, even though the drivers were not Red Cross employees and drove their own cars. Liability laws force nonprofit organizations to conduct time-consuming background checks on potential volunteers, discouraging many people from donating their time.

City and county regulations also discourage voluntarism. In many areas, Senator Abraham reports, park authorities imposed so many requirements on Little League coaches that the leagues disband. Where they survive, some leagues have a hard time paying insurance premiums, which have increased by as much as 1,000 percent in five years. The result: Some neighborhoods have no organized sports for children.

Senator Abraham proposes three reforms to help nonprofits deal with liability laws. First, the law should be reformed so that any national organization can only be sued in one state. This reform might persuade states with relatively lax liability laws to tighten them—or see national groups move out. Second, "joint and several liability," which allows plaintiffs to sue large organizations even if they were minimally involved in the plaintiff's injury, ought to be replaced by "proportional liability," which limits what an organization must pay to the actual damages it caused. Third, punitive damages should be capped at $250,000.

These reforms, Senator Abraham argues, will encourage voluntarism and strengthen America's nonprofits. Restricting liability laws, he writes, will mean that "our fear of one another will be lessened, once again making it safe to join associations."

The Future of Cities

Joel Kotkin, Does Place Matter? New Concepts for an Evolving Economic Environment. *La Jolla Institute, 250 West First Street #325, Claremont, California 91711.*

Cities have taken a beating as wealthy professionals have fled them for the suburbs, while less well-to-do residents have moved to townhouses springing from converted cornfields in distant "edge cities." More daring households have joined the "Valhalla" movement, leaving big cities for smaller towns like Fayetteville, Arkansas, and Boise, Idaho, that are mostly removed from urban problems.

Kotkin, a regular contributor to TAE, suggests that cities will continue to shrink in the future, but remain important nonetheless. "Historic urban locations," he suggests, "may have a more viable long-term role" than critics believe. Electronic technology will enable "information entrepreneurs" to work from anywhere, but rather than becoming "lone eagles" in mountaintop retreats, many info-merchants will choose to work at

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home in or near big cities, where they can enjoy the pleasures of urban life without facing a daily commute.

Cities remain places where smart people can informally connect with each other and obtain esoteric services quickly. The multimedia industry, for example, which now employs 130,000 Los Angelenos, 60,000 San Franciscans, and 60,000 New Yorkers, is taking root mostly in cities. City "talent pools" are still important in creative industries like this one.

In the future, Kotkin argues, cities will not be the center of American economic or social life but may return to the role they played prior to the Industrial Revolution: providing "services and experiences unavailable in the surrounding hinterland" to people who mostly live outside their boundaries.

SCIENCE AND ENVIRONMENT

Who Should Pay For Science?

Terence Kealey, The Economic Laws of Scientific Research. *St. Martin's Press, 175 Fifth Avenue, New York, New York 10010.*

History has seen two models for funding scientific research. Sir Francis Bacon championed the first, arguing repeatedly that government should subsidize scientists, and that these subsidies would eventually lead to useful technological innovations. In *The Advancement of Learning* (1605) Bacon wrote that "there is not any part of good government more worthy than the further endowment of the world with sound and fruitful knowledge."

Adam Smith, in contrast, contended that industry would do a better job of paying for science than government could. In *The Wealth of Nations* (1776) Smith argued that industry needed to fund technological research in order to come up with useful products and more efficient machines, and that scientific advances were more likely to come from the factory than the university.

Bacon's arguments won the day, and governments now spend billions on science. But Kealey, a Cambridge University biochemist, suggests that Smith was closer to the truth.

There's very little evidence, Kealey writes, that government-funded research leads to economic growth. Frequently, the state spends large sums on dubious ventures that take a long time to stop. The European Union, for example, has spent heavily supporting such European electronics firms as Nixdorf and Phillips, actually making these companies more rigid and less able to compete with more dynamic American and Japanese rivals.

Kealey also contends that the more government spends on science, the less industry will spend. And government grants come with so much red tape they tend to be won by people who are well credentialed but not innovative or enterprising. For example, in the 1980s the European Community decided to stimulate computer research via two programs called Alvey and ESPRIT. But the bureaucrats responsible insisted that rival companies in different countries speaking different languages had to work together. Grantees spent so much time sustaining "artificial collaborations across national, language, bureaucratic, and institutional barriers" that they had little time for research. The number of European papers published in computer science actually fell as a result of these "stimulating" programs.

If governments ceased funding research, Kealey predicts, industry would spend more money. Studies by economists Edwin Mansfield and Zvi Griliches show that the more corporations spend on basic research, the more productive they are and the more advantages they gain over their rivals. Ending science subsidies, especially if it was part of a larger move to lower taxes, might also encourage philanthropists to be as generous toward today's scientists as tycoons like Andrew Carnegie, John D. Rockefeller, Samuel Courtauld, and Henry Wellcome were for previous generations.

Priceless Landscapes

Robert H. Nelson, "Does 'Existence Value' Exist? Environmental Economics Encroaches on Religion," in The Independent Review *(Spring 1997), Independent Institute, 134 98th Avenue, Oakland, California 94603.*

In 1967, economist John Krutilla proposed that every wilderness has an "existence value," a cost that can be compared to the value of the minerals, timber, or animals on the land. Wilderness "existence values" are generally pegged quite high. One study claimed preserving habitat for the whooping crane was worth $32 billion a year.

Nelson, from the University of Maryland, suggests the worth of a wilderness is a matter for theologians, not economists. As many environmentalists have lost their Christian faith, he notes, they have secularized Christian beliefs. They have, for instance, continued to be puritans, renouncing pleasure and discouraging consumption to make the planet pure. And they often see a wilderness area as something that increases in value exactly in proportion to the sacrifices needed to preserve it.

The very reason environmentalists are so adamant about preserving the Arctic National Wildlife Refuge, Nelson suspects, is because doing so would deny the world millions of barrels of oil and the

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secondary wealth that that oil would produce. For environmentalists, the refuge is "a multibillion-dollar cathedral, a religious edifice requiring such large sacrifice that it would stand as one of the greatest (certainly most expensive) testimonies ever made to the glory of the faith."

By pretending that preserving wilderness is a value-free scientific act, supporters of "existence value" create a "pseudo-scientific economic result," Nelson contends. The amount of wilderness to be preserved should not be decided by data-laden documents, he says, but by "moral judgment."

OTHER COUNTRIES

Patching Up Korea

Nicholas Eberstadt, "Hastening Korean Reunification," in Foreign Affairs *(March/April 1997), Council on Foreign Relations, 58 East 68th Street, New York, New York 10021.*

The governments of North and South Korea are supposedly committed to unification. Yet neither Pyongyang nor Seoul wants to merge, and none of the great powers in the region—the U.S., Japan, and Russia—favors a unified Korean state. Eberstadt of the American Enterprise Institute, however, thinks unification would be a "force for stability and prosperity."

Since Moscow ended its subsidies to North Korea in 1991, the country has declined sharply. It's one of the few Asian nations where foreign trade is falling. The North continues to pour massive sums into defense, possessing several atomic weapons and scores of missiles with a range of 800 miles. Sales of these weapons provide a steady source of hard currency, and arm undesirable elements like Iraq, Libya, and international terrorists.

Many South Koreans fear that a unified Korea would have to spend billions to rebuild the North's economy. But it's unlikely reunification would cost Korea as much as it did Germany. While most German subsidies to the East went for welfare benefits, Northern Korean workers by contrast could be employed to help ease South Korea's persistent labor shortages. Modernizing decrepit heavy industry in the North could provide rich work for South Korean corporations. And a unified nation could demobilize most of the two million soldiers currently paid by the two governments.

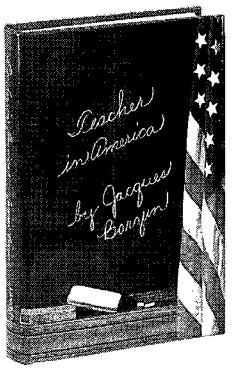
A unified Korea would also benefit the world. Unification could slow the arms race among Asian nations. Eliminating North Korea as a source of "weapons of mass destruction" would make the Third World safer, and frustrate Chinese munitions makers who disguise their sales by shipping them through Pyongyang.

South Korean leaders should seek reunification, Eberstadt argues, and American and Japanese diplomats should offer international financial aid to Korea should it unify. "It is time for statesmen in the Pacific and beyond to think about how to make Korean reunification a success," Eberstadt writes, "because success or no, reunification is coming."

Modern Editions of Classic Works for Today's Readers

TEACHER IN AMERICA

By Jacques Barzun
With a new Introduction by the Author



Teaching is a great profession and a great art. However, almost no attention is given to teaching in the interminable discussions of "education reform" throughout the United States. In an enduring classic, Jacques Barzun, himself a legendary teacher, explores the triumphs of fine teaching and the failures of poor teaching. Always his objective is at least to challenge and at best to correct "the chuckle-headed notion that many educators have about teaching." Barzun identifies the essential principles of good teaching. Then he remarks how these principles can best be applied to the teaching of classics, music, art, science, philosophy, history, logic, and life itself. Timeless in its significance and suggestiveness, *Teacher in America* makes for both instructive and inspiring reading for anyone truly interested in learning and, especially, in the teaching of learning.

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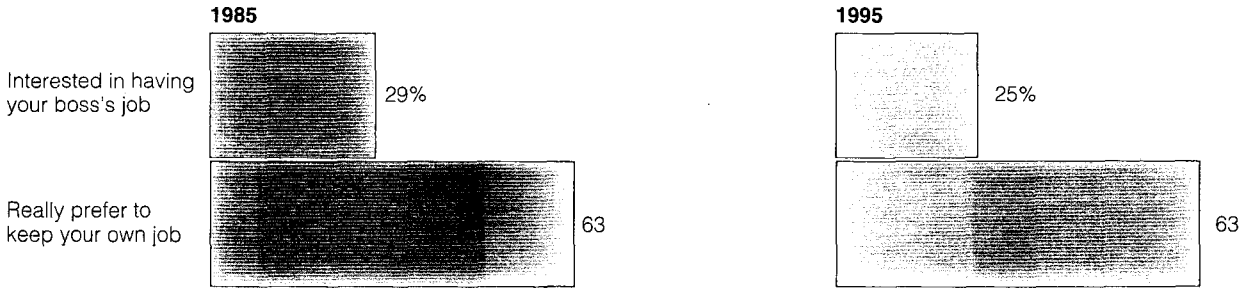
EDITED BY KARLYN BOWMAN

BEING YOUR OWN BOSS

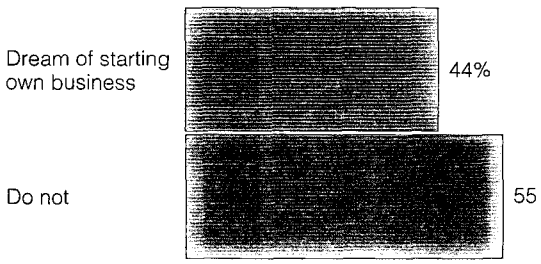
Fewer than three in ten Americans are interested in having their boss's job, but the idea of becoming their own boss has considerable appeal. More than four in ten say they have dreamed of starting their own business. Over twice as many say they would rather own their own business than be a top executive in a large corporation or hold an important position in politics or government. Young people are particularly keen about entrepreneurial pursuits.

Question: **It is the goal of some people who work to advance their position, while others like what they are doing and do not particularly want to move up to more responsibilities. Thinking now of your present position and your immediate boss's position, ...?**



Note: Question was asked of workers who were not self-employed.
Source: Surveys by Roper Starch Worldwide, latest that of December 1995.

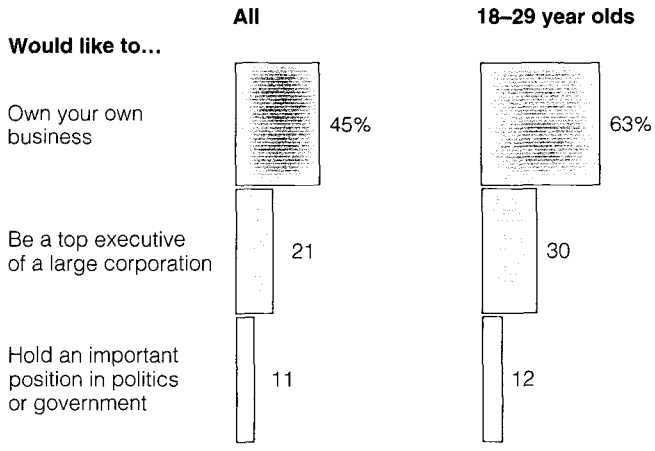
Question: **Do you ...?**



Of those people who dreamed of starting their own businesses, 19 percent said they were currently in the process of doing so.

Note: Question asked of those who have never owned their own business.
Source: Survey by the Gallup Organization for *Inc.*, November 1995.

Question: **Which of these things would you like to have or do?**



Source: Survey by Roper Starch Worldwide, May 1994.

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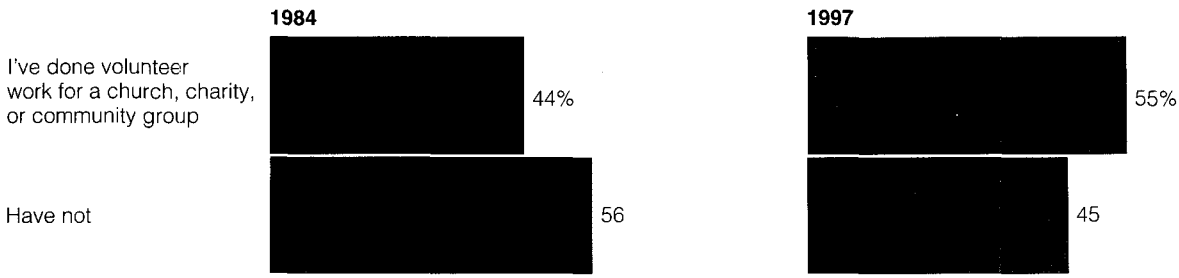
VOLUNTEERING IN AMERICA

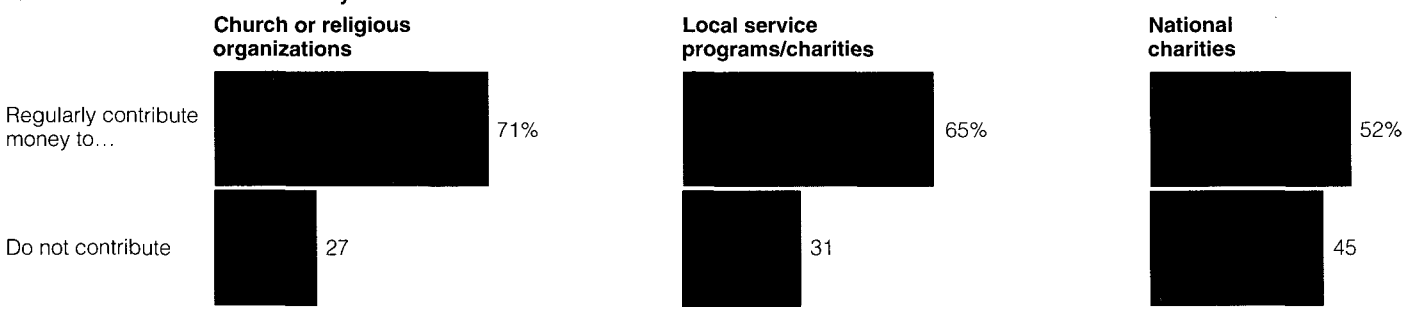
In a new poll, 55 percent say they have done volunteer work in the past year, up from the 44 percent who gave that response 13 years ago. Ours is a deeply religious country, and making contributions to churches or religious organizations is widespread. Fewer than ten percent say they can have no impact bettering their own communities, while 60 percent believe they can have a big or moderate impact. Nearly four times as many say they can help their community more by volunteering for civic activities than by being active in politics or government.

Question: **In the last year or so...?**



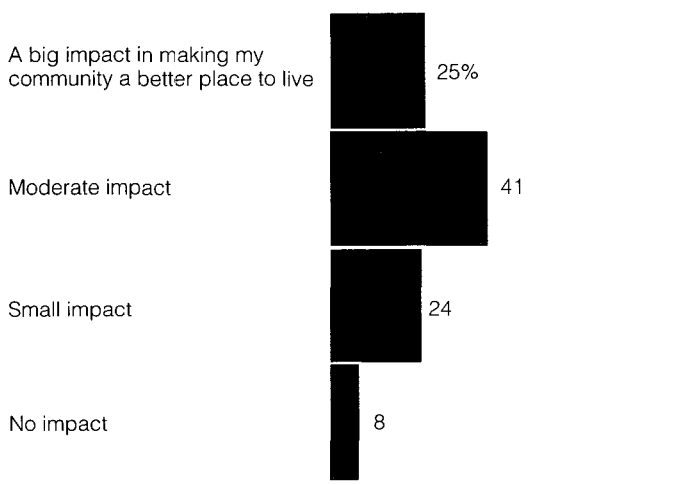
Source: Surveys by CBS News/*New York Times*, 1984 and ABC News/*Washington Post*, April 21–24, 1997.

Question: **Please tell me whether you...?**



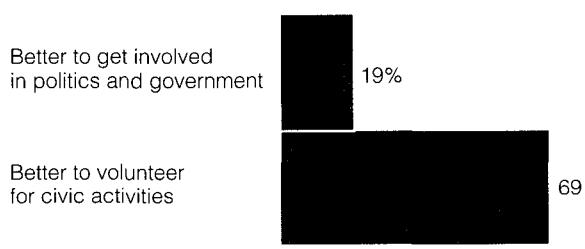
Source: Survey by Princeton Survey Research Associates for NBC News and *Newsweek*, April 14–15, 1997.

Question: **Overall, how much impact do you think people like you have...?**



Source: Survey by Princeton Survey Research Associates for the Pew Research Center, February 6–9, 1997.

Question: **If someone wants to help his community...?**



Source: Survey by Maricopa Research, Inc., April 14–16, 1997.

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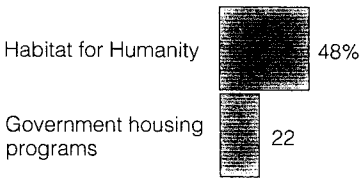
GOVERNMENT vs. PRIVATE CHARITIES

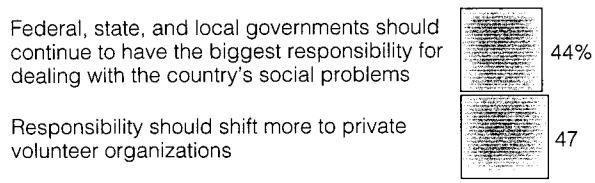
Twice as many Americans say Habitat for Humanity has done more to help poor Americans than government housing programs. That may explain why a near majority in another question say responsibility for dealing with the country's social problems should shift more to private volunteer organizations. The public wants government to take the lead in providing medical care for the poor, but thinks businesses and individuals should lead in areas such as job training. A majority see the new welfare changes as ending a system that has kept poor people in poverty.

Question: **What has done more to help poor Americans...?**



Source: Survey by Maricopa Research, Inc., April 14–16, 1997.

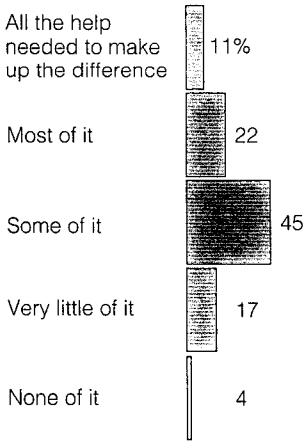
Question: **Should...?**



Source: Survey by ABC News/*Washington Post*, April 21–24, 1997.

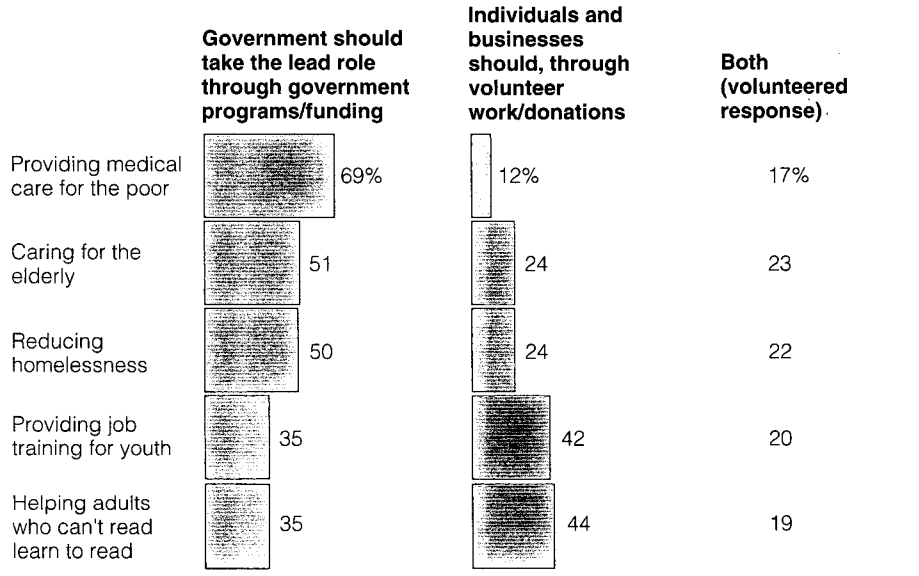
Question: **Given the nation's budget problems and cutbacks in social programs, do you think that...?**

Volunteer efforts by citizens can provide...



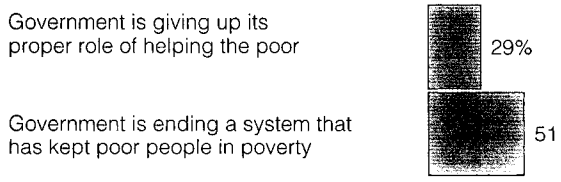
Source: Survey by Princeton Survey Research Associates for NBC News and *Newsweek*, April 14–15, 1997.

Question: **I'm going to read you a list of issues and groups that are generally considered in need of help or improvement. For each one, please indicate whether it is an area where you think...?**



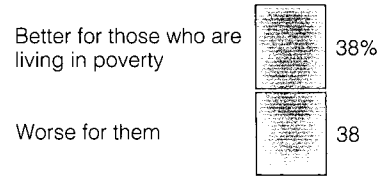
Source: Survey by the Gallup Organization for CNN and *USA Today*, April 18–20, 1997.

Question: **Thinking about the new cutbacks and limits in federal and state welfare programs, do you...?**



Source: Survey by Princeton Survey Research Associates for NBC News and *Newsweek*, April 14–15, 1997.

Question: **Suppose that government welfare programs were reduced, and those in poverty had to rely more on private charity and volunteer help. Would that be...?**



Source: Survey by Maricopa Research, Inc., April 14–16, 1997.

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THE RESPONSIBILITIES OF BUSINESS

As the data on pages 92–93 show, large numbers of Americans volunteer in their communities. Solid majorities say being a good citizen of one's community is a definite business responsibility, too. Over 60 percent say business is doing this well. Health and safety issues top the list as definite obligations. Most Americans think business is handling these well. Providing day care ranks at the bottom of the list as a definite obligation, though a third think this is highly desirable. Business gets low marks on advertising honestly, though nearly two-thirds see this as a definite duty.

Question: **Here's a list of things people have said are or should be responsibilities of business in this country. Tell me whether you consider it to be... Tell me whether you think business fulfills its responsibilities...**

	A definite responsibility of business	Highly desirable although not a definite responsibility	Nice to do but shouldn't necessarily be expected	Beyond what business should do	Business fulfills this responsibility fully/fairly well
Protecting the health and safety of its workers	70%	22	5	1	73%
Making products that are safe to use	70	22	6	—	77
Producing good quality products and services	68	26	4	—	84
Paying their fair share of taxes	65	25	7	2	50
Advertising honestly	64	21	11	2	42
Cleaning up their own pollution	61	26	8	2	43
Charging reasonable prices	59	29	8	1	54
Paying good salaries and benefits	53	37	8	—	59
Being good citizens of their communities	52	35	11	—	64
Providing jobs for people	52	34	10	2	65
Providing health care coverage for employees	51	36	10	—	56
Developing new products and services	45	43	10	—	87
Hiring minorities	36	34	23	4	67
Providing day-care facilities to employees	19	33	35	10	32

Source: Survey by Roper Starch Worldwide, December 1996.

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the Mail

I enjoyed your '60s issue, particularly James Webb's article on the peace protesters ("Peace? Or Defeat?" May/June). He says so well all the things that I am not able to articulate. (I also enjoyed the March/April interview with Webb.) The current administration has no clue when it comes to the military, and Webb does an excellent job of explaining why.

The other night in the shower I noticed some blood on my leg. Nothing serious, just some shrapnel that is amazingly still working its way out of my body. I was wounded while serving my country in Vietnam, and nearly 30 years later my body is still giving me reminders of that time.

What bothers me is not my wounds, but the thought of all the wonderful men I served with, too many of whom gave their lives for their country while President Clinton and others marched against us.

Sgt. O. J. Betz III, USMC (Ret.)
Garden City, New York

Congratulations on what I think is your best issue yet ("The '60s Return," May/June). In particular, James Webb's article on the anti-war radicals was a much-needed re-telling of a story that has long been told with a sense of overbearing righteousness enjoyed by the radicals. There is, as Webb says, a crucial difference between, on the one hand, opposing a war your nation is fighting and, on the other, opposing your nation while it is fighting a war—and hoping for its defeat. The first is an unavoidable aspect of democracy. The latter, as Webb and many of your other articles illustrate, stems from something a little less noble and a little more hypocritical.

It is impressive how the hypocrisy has endured, how easily the radicals deradicalized and prospered in the society they used to loathe, how the ideals that they asserted so forthrightly were so easily scuttled. Webb brings this hypocrisy into glaring light with the moving questions that he asks at the end of his article. The deafening silence that greets them is a reminder of the '60s shallowness.

Scott Smith
New York, New York

In his criticisms of the undifferentiated group described as "the Vietnam war protesters," James Webb writes: "The main imbalance in the war was simply that the privileged avoided their obligations, and have persisted since that time in demeaning the experience in order to protect themselves from the judgment of history" ("Peace? or Defeat?" May/June 1997).

What obligations? Article I, Section 8 of the U.S. Constitution expressly gives Congress the power to declare war. Is it Mr. Webb's contention that the absurdly named "Vietnam Conflict" was ever a war declared in the constitutional manner by Congress? If not, what is the constitutional justification for the putative "obligations" he cites?

Mr. Webb derides the "privileged" who were able to avoid military service. Apparently, the "privilege" he has in mind is the right to one's own life and liberty. Since when did those rights become "privileges" in the United States? Not, I would have thought, since the passage of the Thirteenth Amendment to the Constitution, which forbids "involuntary servitude except as a punishment for a crime." Mr. Webb tells us that "two-thirds of those who served in Vietnam were volunteers rather than draftees." Does he regard that as a sufficient justification for the involuntary servitude of the other third?

Finally, Mr. Webb invokes "the foundations of American society" and "the judgment of history" in favor of the war. Apparently, this is a version of our principles and history that tells us that our nation was founded so that we might all better serve as cannon fodder for the state, to fight and die on the battlefields of its choosing. I find this impossible to reconcile with the Constitution's guarantee of "a Republican Form of Government," intended to "secure the Blessings of Liberty." I also find it very difficult to grasp how a man who invokes "the foundations of American society" can so blithely ignore the document that gives American society whatever foundation it has in the first place.

Mr. Webb is no doubt an honorable man, and his military service deserves respect. I do not intend to "demean" that. But 55,000 men died in Vietnam because their government enjoyed the power to compel them to die but lacked the courage even to issue a declaration of war. That is not "nobility," it is tyranny—and neither Mr. Webb's honor nor his rhetoric nor his polls provides a justification for it. Nothing can.

Irfan Khawaja
South Bend, Indiana

James Webb replies:
Let me hasten to agree with Mr. Khawaja that it is a tragedy a declaration of war was never sought after our troops were committed to combat in Vietnam. My reasons for agreeing, however, have nothing to do with his argument about the draft. A declaration of war would have ended the dissent movement (as happened in the contentious first days of our involvement in World War I), created treasonous penalties

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for those who were collaborating with the communists, and served strict notice to enemies and allies alike.

With respect to conscription, it is hardly tyranny to demand that citizens obey the laws of a democracy. People were drafted because of the Selective Service Law, which was in place before Vietnam and was a natural descendant of the militia laws that existed even during colonial times. That those who benefited the most from our system chose to flout their obligations under such laws is an enduring national stain. That many of those same elites then transferred their feelings of guilt by terming others, who obeyed the laws and faced a determined enemy at great cost, "mindless" at best, and "baby-killers" at worst, still demands historic and societal resolution.

Michael Barone's account of the "Berkeley" riots of 1964 repeats the same error made in his generally excellent history, *Our Country* ("Stumbling Toward a Little America," May/June).

The Berkeley protest movement began not with the Johnson/Goldwater campaign, but nearly a year earlier in 1963. The pusillanimous university administration, under pressure from conservative trustees, banned the distribution of literature of all kinds from a 30-foot-deep strip at the Telegraph Avenue entrance to campus. This was decreed on the wildly implausible grounds that the proliferation of card tables and literature hawkers had become a threat to orderly pedestrian traffic.

A united front arose to protest this invasion of free speech. It included not only leftist groups like the Young People's Socialist League, but also the College Young Republicans (of which I was a member) and Students Active Against Totalitarianism, a John Birch Society youth movement. All of these groups coexisted rather amicably on the street, occasionally engaging in amusing harangues.

By September 1964, Mario Savio & Co. had hijacked the original movement and made it into a generalized left-wing protest, as Barone reports. By this time the CYRS and SAAT had quietly retreated from the movement (but we still cheered when the dimwitted Chancellor Strong was sacked).

John McClaughry
M.A. U.C.,Berkeley, 1963

I enjoyed Dana Rohrabacher's salute to Young Americans for Freedom (YAF) in your May/June issue ("Us Young Americans For Freedom"). Is this the same Dana Rohrabacher who led the Libertarian Caucus's revolt against YAF at its August 1969 convention in St. Louis? According to Jerome Tuccille's memoir *Radical Libertarianism*, Rohrabacher and his Libertarian Caucus paraded with placards reading "Smash the State!", "F--k the Draft!" and "I am an enemy of the State!" To a "chorus of boos," Rohrabacher led the libertarians in a chant of "Laissez-faire! Laissez-faire!", to which the yafers replied, "Lazy fairies! Lazy fairies!"

Boy, it's funny how the memory can play tricks on people, especially former radicals who get elected to Congress.

Cody Annixter
Home, Pennsylvania

Kenneth Tomlinson has written a wonderful remembrance of Bill Monroe which also serves as an insightful review of our music's heritage ("Winds of the Appalachians," March/April). TAE has offered a reminder that legends and great people have walked among us. The passing of Mr. Monroe is a great loss for the close-knit bluegrass community and the world of entertainment. His personal influence will be missed, yet we will always watch over the fires he created.

Dan Hays
International Bluegrass Music Association

James L. Martin's article on the American Association of Retired Persons being a roadblock to entitlement reform blurs the line between fact and fiction (SCAN, Jan./Feb.). The AARP accounts for more than 30 million members. Our policies are determined by an all-volunteer board of directors and reflect the views of our members. From member input and political analysis, the Board decides AARP policy positions.

AARP has always been a non-partisan organization that provides members with accurate and timely information about issues of concern to older Americans. AARP's members mirror the diverse political spectrum from liberal Democrats to conservative Republicans. And contrary to Martin's assertions, we don't advocate voting for one political party or another. We just urge our members to vote.

Martin's claim that AARP is growing fat off the federal grant programs it administers or that its public policy agenda is somehow linked to them is equally false. No federal grants can be used for lobbying purposes. All grant funds directly cover the costs of the programs AARP administers under contract on behalf of the federal government.

In fact, more than 85 percent of AARP's total annual expenses are directed to programs and services for our members. AARP spends less than one percent of its total operating budget on lobbying in Washington. While lobbying is not the AARP's primary focus, we have consistently called for changes that will strengthen and preserve Social Security and Medicare for future generations, requiring sacrifices that must be shared by all Americans.

John Rother
AARP, Washington, D.C

James Martin replies:
Did the AARP provide "accurate and timely information" to its membership when it endorsed the Clinton health care plan? Did it tell their membership that the plan would cut hundreds of billions of dollars from Medicare? Did the AARP provide such information on the advantages to seniors of having a balanced budget when it came out against the balanced budget constitutional amendment? Were these two positions taken as a result of polls of their members? More likely, they were taken as part of the AARP's habit of marching lockstep with liberal Democrats. The AARP's Pavlovian response to any new big government spending scheme is positive, no matter how much it will hurt seniors. Meanwhile, the overwhelming number of Americans—including seniors—were opposed to centralized health care and are for a balanced budget constitutional amendment.

In reality, the AARP is a money-generating machine of Fortune *500 proportions. It is a huge profit-making operation which represents not seniors but instead the most liberal elements in our society pushing for big government policies that are often harmful to seniors. Despite Rother's soothing words, AARP is not "senior friendly."*

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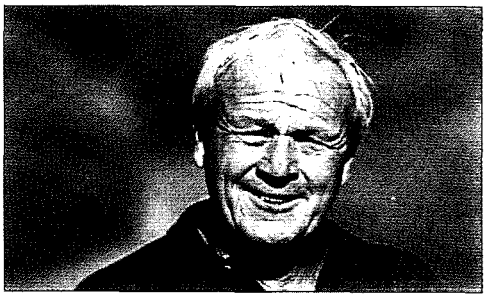
"How do you thank people you can't possibly thank enough?"

Arnold Palmer



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Texaco is proud to play a part in creating a garden that lets kids have fun as they learn about the environment. It's part of our commitment to environmental education everywhere, from conservation programs at The Nature Conservancy, to the mobile aquarium at the Audubon Institute, to greenhouse classroom renovation at the New Canaan Nature Center.

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